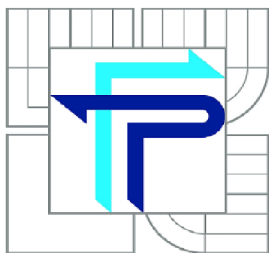




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FACULTY OF BUSINESS AND MANAGEMENT
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CUSTOMER SATISFACTION ANALYSIS OF DELOITTE BELGIUM AND RECOMMENDATIONS REGARDING ITS IMPROVEMENT

ANALÝZA SPOKOJENOSTI ZÁKAZNÍKŮ SPOLEČNOSTI DELOITTE BELGIUM A NÁVRHY
OPATŘENÍ NA ZVÝŠENÍ JEJÍ ÚROVNĚ

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Instruction:

Introduction
Executive summary
Theoretical basis of the work
Problem analysis and current situation
Proposals and contribution of suggested solutions
Conclusions
References
Appendices

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ABSTRAKT

Diplomová práce se zabývá problematikou analýzy spokojenosti zákazníků společnosti Deloitte Belgie. Srovnává teoretické poznatky s praktickými dovednostmi získanými během stáže ve společnosti Deloitte. Metoda osobního dotazování byla použita za účelem získání cenné zpětné vazby od klientů a k provedení analýzy spokojenosti zákazníků. Na základě vyhodnocení bylo identifikováno několik oblastí vyžadujících zdokonalení a navržena opatření vedoucí ke zlepšení zjišťování spokojenosti zákazníků a zvýšení stávající úrovně spokojenosti zákazníků.

ABSTRACT

The diploma thesis deals with customer satisfaction analysis of Deloitte Belgium. The thesis is based on a comparison of theoretical knowledge with practical skills, gained within the internship at Deloitte. The method of face-to-face interviews was employed to obtain a valuable client feedback and perform customer satisfaction analysis. Based on the data evaluation, a number of areas for future development were indicated. Proposals regarding improvement of customer satisfaction measurement methods and enhancement of a current level of customer satisfaction are given.

KLÍČOVÁ SLOVA

Spokojenost zákazníka, loajalita zákazníka, měření spokojenosti zákazníků, dotazník spokojenosti zákazníků, věrnostní program.

KEYWORDS

Customer satisfaction, customer loyalty, customer satisfaction measurement, customer satisfaction questionnaire, customer loyalty program.

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DECLARATION

I hereby declare that the master's thesis is my original work and has been written independently. I also declare that the list of references is complete and copyrights are not violated (pursuant to Act. No. 121/2000 Coll., on copyright and on laws related to copyright Act.).

Brno, 31st August 2011

.....

Bc. Lenka Kašová

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INTRODUCTION

In recent times customer satisfaction has attracted a lot of publicity and both academics and practitioners concur that it is a significant phenomenon that is worth elaborating in today's extremely competitive world. The organizations have come to understand the importance of customer satisfaction as a key measure of success. It has been widely recognized that success is based on building customer life time value by keeping existing customers highly satisfied. In fact, highly satisfied customers demonstrates loyal behaviors in terms of staying with the organization longer, repurchasing more frequently and refer to others on regular basis, which undeniably contributes to an increased corporate profitability. In the business sector there can be seen a huge shift towards massive investing in customer relationship management, database marketing and customer planning in order to demonstrate commitment to customers and enhance their satisfaction. Each company links its mission statement to satisfying and delighting its customers. The entire economy appears to be revolving around the notion of *customer satisfaction*.

In the world of service quality it is broadly accepted that if 'you cannot measure it, you cannot manage it'. This phrase is directly linked to customer satisfaction, because without measuring customer satisfaction the organization never knows if it does best what matters most to its customers. This can be guided only by customer satisfaction measurement. Therefore, there is a strong desire to accurately measure customers' perceptions and attitudes to assess the quality of its services. Since the quality is particularly determined by the extent to which the service meets customer perceptions of the service they received.

The whole concept of customer satisfaction and its measurement has been practically elaborate at Deloitte Belgium, which aspires towards remaining the leader among "Big Four" in Belgium. The reason for conducting a research at Deloitte was caused by a current situation at the market. The days of large consulting revenues are certainly over, and the consulting firm needs to face an additional challenge of how to win and keep

its customers. Deloitte has to cope with greater competition than ever before, as competitors are becoming very active and are taking advantage of every possibility to win new clients. Deloitte's presence at the marketplace undeniably relies on understanding client perceptions and behaviors in the complex consumer decision-making process. The clients are the core of the organization and its success entirely depends on effectively managing relationships with them. Hence, the most significant for Deloitte is to make its clients satisfied, because they are the ones who keep the business running. Therefore, the research including customer satisfaction analysis of how satisfied its clients are with its services provided is extremely valuable and desperately needed.

Deloitte must view itself via its clients' eyes, and tailor its services in line with its customer needs and requirements in order to compete at professional level. The only way of achieving this is to pursue customer satisfaction analysis and ask Deloitte's clients about their feelings, opinions and ideas. In this research, some useful tools were employed for collecting information about clients and obtaining feedback. The frameworks and tools were then evaluated for identifying areas of improvement and future potential development. The diploma thesis is broken down into four sections. The first section commences with examining the concept of customer satisfaction and its measurement from theoretical point of view. The way of obtaining the client feedback and analyzing customer satisfaction is of a particular interest in the second and third part, including the actual customer satisfaction analysis based on results from the interviews. The fourth section puts forward some key recommendations to improve customer satisfaction. In addition, the appendices summarize the profile of Deloitte Touche Tohmatsu Limited in the global context, followed by the overview of Deloitte Belgium and its client segmentation.

EXECUTIVE SUMMARY

This diploma thesis was performed with two main goals in mind. The first goal was to investigate how Deloitte measures customer satisfaction and which existing methods the organization applies to further evaluate customer satisfaction data. The second goal was to collect data on Deloitte clients, using the method of face-to-face interviews, in order to analyze a current level of customer satisfaction with the firm's services and investigate the areas for future development.

The thesis commences by reviewing the theoretical background to the research. The definitional aspects of customer satisfaction and its underlying philosophy are explored. Some light is also shed on customer loyalty, and more generally the relationship between customer satisfaction and loyalty is of a particular interest in this work. Furthermore, the theoretical part broadens the understanding of customer satisfaction measurement and its historical roots, including the first attempts to operationalize customer satisfaction. The toolbox for measuring satisfaction is introduced. Particular attention is paid to developing a high-quality customer satisfaction questionnaire. The acquired knowledge is later applied in the practical part.

The practical part of the thesis investigates the current situation of how Deloitte measures its customer satisfaction, and which methods are employed. After the insight into the functioning of Deloitte customer satisfaction measurement process, own analysis of customer satisfaction is carried out. The whole study is the outcome of the research conducted at Deloitte Belgium within the period of February – May 2011. The method of face-to-face interviews was applied to gather customer satisfaction data. The results were analyzed in detail, using the summary indices and importance-satisfaction model in order to determine which service quality attributes must be improved to enhance customer satisfaction. A number of interesting findings has been revealed.

The findings strongly suggest that Deloitte should invest in strengthening the client relationships, tone down on its transactional approach and be more relationship-focused. The thesis concludes by presenting a number of key recommendations for Deloitte based on these findings. A proposal of Deloitte “Future Eye” loyalty program is introduced. The recommendations of employing Deloitte exit interviews and competitors’ client interviews are given to fill in the gaps in Deloitte customer satisfaction measurement process.

The contribution of the thesis is to provide an informational manual for Deloitte Belgium that accurately measures customer satisfaction and presents reliable data on which the firm can base management decisions and monitors improvements in satisfaction measures and performance. It indicates the areas of dissatisfaction and existing issues, which have arisen. This study makes a significant step towards better understanding of how Deloitte’s clients view the organization in the global context, and how satisfied they are with services provided. The knowledge of the client perceptions and attitudes about the organization’s business will greatly enhance its opportunity to make better business decisions in the future.

1 THEORETICAL BASIS OF THE WORK

1.1 Customer satisfaction and its underlying philosophy

1.1.1 A definition of customers

The importance of customers has gained a lot of publicity and been widely recognized a long time ago, as every organization has to look into needs and wants of its customers in order to be successful. When using the term “customer”, it is essential to define it appropriately.

The first theoretical view on the definition of customer is to define the term from the *classic approach*. In light of this perspective, a customer is the person who buys a product or a service provided by a business organization, as the purchase process that is summarized in the following figure 1 (Engel and Blackwell, 1982).

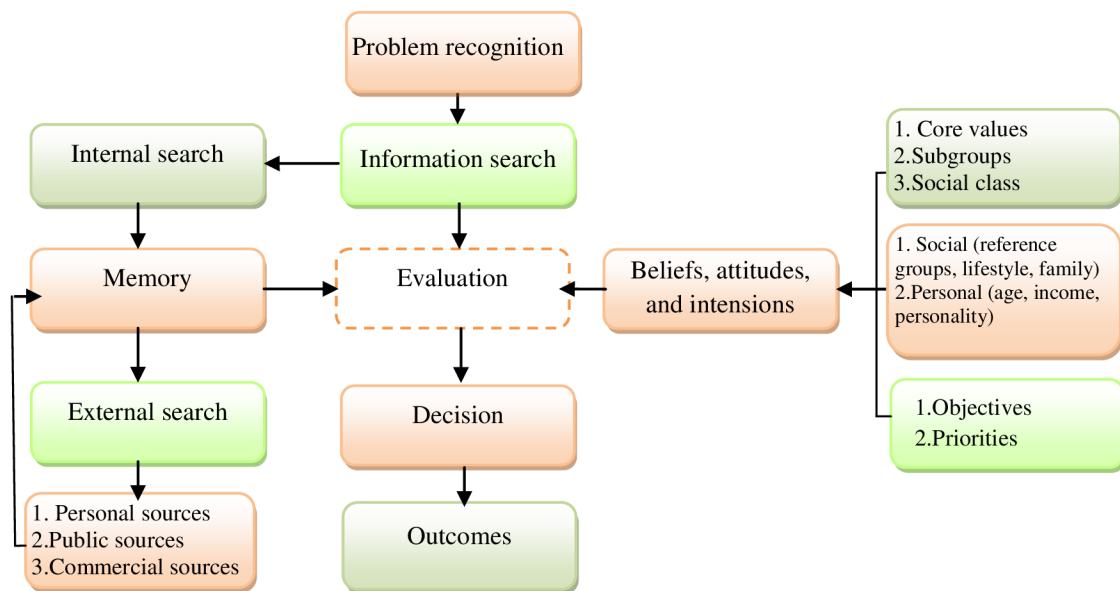


Figure 1.1: The individual buying decision process (Hill 2006, p.53)

Similarly, the term *potential customer* refers to the person who might have a specific attributes, which are as follows:

- The need or desire to purchase a product or service.
- The motive to proceed to this particular purchase.
- The essential financial resources (cash or credit).
- The possibility to access the locations where the services are provided (Grigoroudis and Siskos, 2010).

Based on this theoretical approach, the point that needs to be raised is that there are numerous limitations, which needs to be highlighted.

- In most cases, the purchaser and the user of the product might be different persons. Therefore, an issue of which of them should be taken in consideration in a satisfaction measurement arises.
- According to Dutka (1995), customer needs to be defined as an entity, rather as a single person, mainly in business to business research. However, it is extremely complicated to consider a customer as an entity, because in some cases no single entities (individuals, organization's departments) buys or use the service.
- It is not easy to distinguish between current and past customers, as the currency is based on the purchase cycle or frequency that is different in most of industrial sectors. As suggested by Vavra (2002), each organization is required to provide its own definition of current customer.

The second *theoretical approach* is to define the term customer from the quality perspective. Based on this attitude, a customer is a person that assesses the quality of the offered products or services. The definition provides a different perspective on viewing customers, since quality is fulfilling the customer needs in such a way that exceeds customer expectations. The customers have the possibility to express their dissatisfaction, in case that their expectations are not satisfied (Gerson, 1993; Dutka, 1995).

The third *process-oriented approach* offers an alternative view on the definition of customer. From this perspective, a customer is the person or group that receives the work output (Edosomwan, 1993). In light of this particular definition, the customer might be categorized into the three following groups:

- **Self-unit customers:** All individuals are self-unit customers to themselves. Self-inspection, a disciplined approach, and an aspiration for excellence suppose to be a way of life for every person.
- **Internal customers:** The persons of an organization represent the set of internal customers, who obtain an output from one or more internal process owners, or process outputs performed by suppliers.
- **External customers:** This category represents the users or buyers of the actual products or services of the organization (Grigoroudis and Siskos, 2010).

1.1.2 Identification of customers

The process of identifying the set of customers in an organization is considered as an extremely difficult procedure, due to the specific elements such as the size of the set, the existence of numerous segments and behavioural groups. The decision about which customers should be included in customer satisfaction measurement is entirely essential and not an easy process. Therefore, it is crucial to clarify wherever to take in consideration past, current, potential or competitor's customers.

- **Current customer** – are the most prominent information source, as their feelings are prevailing informational need. Current customers are not homogenous group, and therefore it is essential to have classificatory information about customers available for satisfaction measurement process. An organization needs to create a profile of the customer behaviours that are associated with currency and identify the most important customers.

- **Past customers** – represents a valuable source of information about service or transactional failures. The best way to obtain this information is to employ exit interviews, which identifies the reason, why the customer decide to stop purchasing the service. In some case, this technique is not possible to used for distanced customers, therefore questionnaire can be applied in order to track their feelings.
- **Potential customers** – represent a new category, as their feelings are generally different to current customers'. They are considered as more expensive, and more generally as a danger, because there is a huge uncertainty that they will never become actual customers. Therefore, modifying the offering in the hope of attracting them can be seen as risky.
- **Competitor's customers** – represent extremely valuable source of benchmark data. The focus in satisfaction measurement should be on how competitor's customers rate the competitor. The findings can be than used as a competitive advantage against the competitor (Vavra, 1997).

1.1.3 A Definition of customer satisfaction

Satisfaction is a standard of how the offered "total" service fulfills customer expectations.

Gerson (1993), Hill (1996), Olivier (1997), and Vavra (1997)

The concept of customer satisfaction and its measurement have attracted much attention and gained a high recognition in the end of the 1990s. However, the focus on customer satisfaction is not a recent phenomenon, as it is more than 200 years old. As long ago as the 18th century Adam Smith formulated the fundamental principles on which free markets operate. He pointed out that human beings continuously strive to maximise their utility, and therefore they stay with companies that do best what matters most to customers. The significance of customer satisfaction was thus broadly recognized by many organizations a long time ago.

For instance, in 1906 sir Henry Royce, whose name represents quality itself, noted that: “Our interest at the Rolls-Royce cars does not end at the moment when the owner pays for and takes the delivery of the car. Our ambition is that every purchaser of a Rolls – Royce car shall continue to be more than satisfied”(Vavra, 1997, p.9). A recent research has shown that mere satisfaction is not enough, and what really matters today are highly satisfied customers. Jones and Sasser (1995) point out that most organizations misunderstand the importance of why very satisfied customer is more valuable than satisfied customer, because satisfied customers are not always loyal. Merely satisfied customers are not enough for the extremely competitive environment of the 21st century (Heskett et al., 1997). It can be pointed out that merely satisfied customers defect, because they are simply not satisfied enough.

A wide variance in the definitions of satisfaction has led to the fact that there is a lack of consensus about what customer satisfaction is. A range of aspects of viewing satisfaction make difficult to define the notion of satisfaction, apparently due to the perception that satisfaction is associated with the complete consumption experience. The most commonly accepted definitions are based on the fulfillment of customer expectations. Olivier (1997) suggests that satisfaction is related to singular events resulting in a consumption outcome, and subsequently in entire experience judgment. In light of the fact, the definition in terms of pleasurable fulfilments assumes that satisfaction is “the consumer’s fulfillment response. It is a judgment that a product or service feature, or the product of service itself, provided a pleasurable level of consumption-related fulfillment, including levels of under-or over-fulfillment...” (Olivier,1997, p.13).

The most straight forward definition of customer satisfaction was provided by Philip Kotler (2003) who assumes that if the product matches expectations, the consumer is satisfied; if it exceeds them, the consumer is highly satisfied; if it falls short, the consumer is dissatisfied. Generally, it can be assumed that satisfaction is a customer’s feelings of pleasure or disappointment resulting from comparing a product’s perceived performance or outcome in relation to his or her expectations (Kotler, 2003).

A recent research has investigated that customer satisfaction is the result of a customer's perception of the value received in a transaction or relationship – where value equals perceived service quality relative to price and customer acquisition costs (Blanchard and Galloway, 1994; Heskett et al.,1990) – relative to the value expected from transactions or relationships with competing vendors (Zeithaml et al., 1990). It can be pointed out that customer perceptions play a major role in Hill's (1996) theory of “service gaps” that sheds some light on the difference between expectations and experience. The theory provides an explanation of the different service quality perceptions and laid down the main principles of SERQUAL model that is elaborated in the section 1.4.2. He proposes that the overall service quality gap that results in unsatisfied customer is a consequence of one or more previous gaps, which are as follows:

1. Promotional gap – the incapability of the organization to fulfil expectations created in the minds of customers mostly by marketing communications.
2. Understanding gap – the inaccurate understanding of customer needs and priorities by the organization.
3. Procedural gap – caused by the translation of customer expectations into operating procedures and systems with the organization.
4. Behavioural gap – the difference between customer expectations and organizational performance, concentrating on how procedures adequately cover service delivery requirements.
5. Perception gap – the difference between customer performance perceptions and reality.

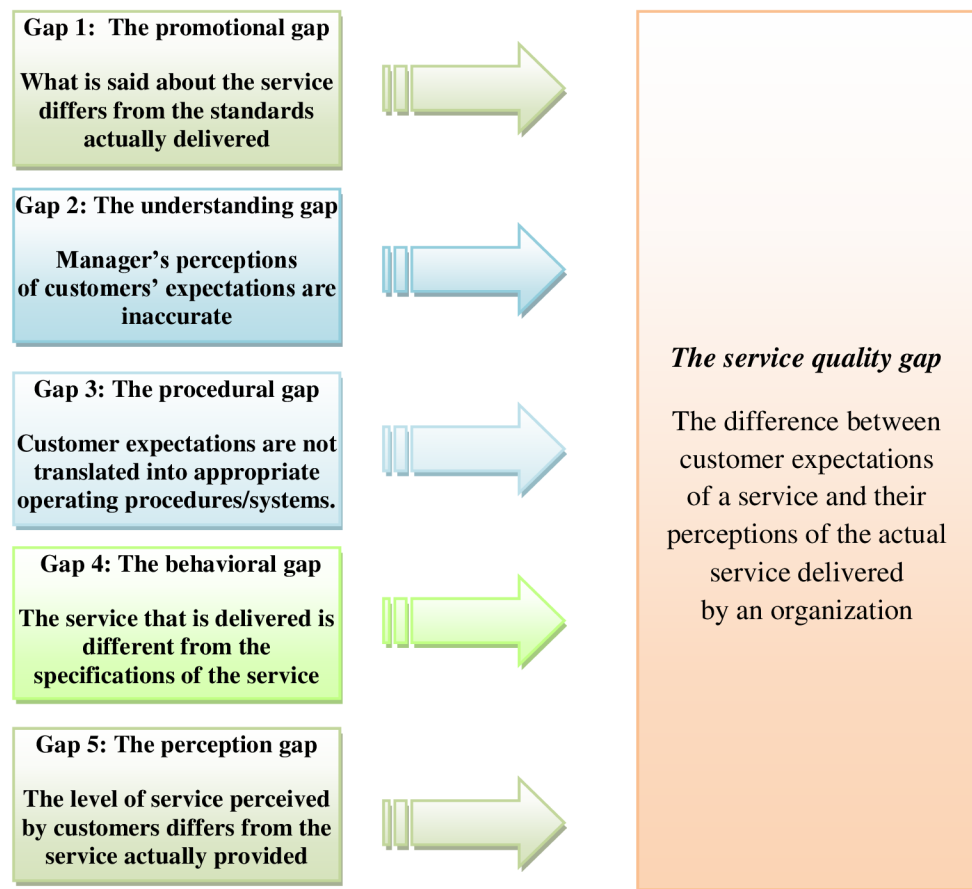


Figure 1.2: Service gaps (Hill 1996, p.6)

According to Yi's (1990) comprehensive "Critical review of customer satisfaction", customer satisfaction can be viewed from two row perspectives: either as an *outcome*, or as a *process*. By defining it as an outcome, customer satisfaction is the final situation or end-state resulting from the consumption experience. Contrarily, satisfaction as a process highlights the perceptual, evaluative and psychological process that leads to satisfaction. Yi (1990, p.104) concludes, "Many studies found that customer satisfaction influences purchase intentions as well as post-purchase attitude".

Table 1.1: Definitions of customer satisfaction (Yi 1990, p.74)

Approach	Definition	Author
<i>Satisfaction as an outcome</i>	The buyer's cognitive state of being adequately or in adequately rewarded for the sacrifices he has undergone.	<i>Howard and Sheth (1969)</i>
	An emotional response to the experience provided by particular products or service purchased, retail outlets, or even moral patterns of behaviour, as well as the overall marketplace.	<i>Westbrook and Reilly (1983)</i>
	An outcome of purchase and use resulting from the buyer's comparison of the rewards and the costs of the purchase in relation to the anticipated consequences.	<i>Churchill and Suprenant (1982)</i>
<i>Satisfaction as a process</i>	An evaluation rendered that the experience was at least as good as it was supposed to be.	<i>Hunt (1977)</i>
	An evaluation that the chosen alternative is consistent with prior beliefs with respect to that alternative.	<i>Engel and Blackwell (1982)</i>
	The consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption.	<i>Tse and Wilton (1988)</i>

1.2 Customer loyalty and its underlying philosophy

1.2.1 A definition of customer loyalty

“Loyalty is a deeply held commitment to re-buy...a preferred service consistently in the future” Oliver (1999, p. 34)

Loyalty is a historical word, rooted in feudal times when allegiance to the sovereign was fundamental to the success and survival of the state. Nonetheless, today in the 21st century the scenario has completely changed since that time. It is the customer who is considered as a king and the organization is obliged to be true, faithful and dedicated in allegiance to meeting the legitimate needs of its customers. Since it is well-known that it is less costly and more profitable to keep existing customers satisfied than attract new ones. As concluded by Reichheld (1996), bringing in a new customer is 5 times as costly. Dowling et al. (1997) point out that loyal customers are less price-sensitive and spend more, when committed to a specific brand/company. In other words, loyal customers are less likely to switch because of price and they make more frequent purchases than non-loyal customers.

There are a vast amount of definitions of customer loyalty. Nonetheless, academics and practitioners have not made a consensus about what the term loyalty means. There appears to be three distinctive approaches to define customer loyalty – *attitudinal, behavioural and composite* (Jacoby and Kyner, 1973). The first approach considers loyalty as an attitude. Different feelings create a customer’s overall attachment to a service, and thus identify the customer’s purely cognitive degree of loyalty. Based on attitudinal state, loyalty consists of a number of desirable behavioural outcomes such as repurchase activities and switching behaviours, which cannot be considered as loyalty, but rather as an outcome of loyalty. Specific factors like proximity or price (see Figure 1.3) can affect these behaviours, and therefore, for instance, high repurchase rate do not automatically mean the loyal customer base (Allen and Rao, 2000).

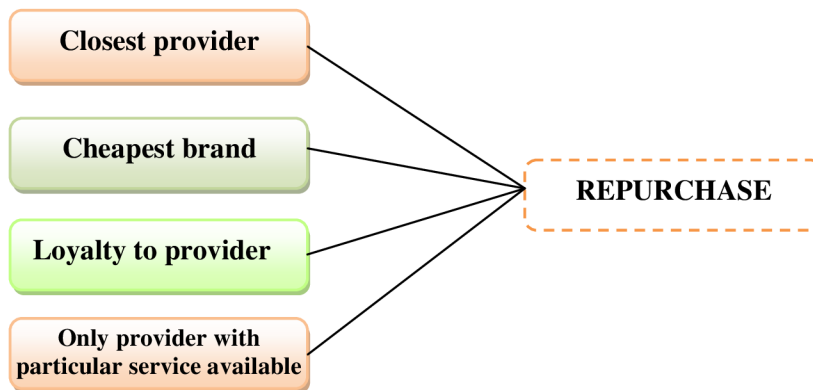


Figure 1.3: Reasons affecting service purchases (adapted from Allen and Rao 2000, p.7)

The second approach defines loyalty from a behavioural point of view. By continuing purchases of service from the same provider, the scope of a relationship and the act of recommendation increase (Yi, 1990). The potential problem of behavioral approach is that repeat purchases are not always the result of a psychological commitment toward an organization (TePeci, 1999). The third composite approach towards loyalty combines the two dimensions and evaluates loyalty by customers' product preferences, propensity of brand-switching, frequency of purchase, and total amount of purchase (Pritchard and Howard, 1997; Hunter, 1998). As concluded by Dick and Basu (1994), the customer loyalty is a combination of both behaviours and attitudes.

Loyalty customers are thus those who have both a favourable behaviour and repeated purchases. They claim that superior loyalty exists when purchases are done frequently by a customer who does not have a favourable attitude toward the brand. A recent research has shown that loyalty may consist of two primary elements –*affective* and *cognitive*. The affective dimension of loyalty has emotional foundation and includes human interaction. Contrarily, the cognitive dimension consists of evaluation of business relationship in terms of proximity, price and timeless (Allen and Rao, 2000).

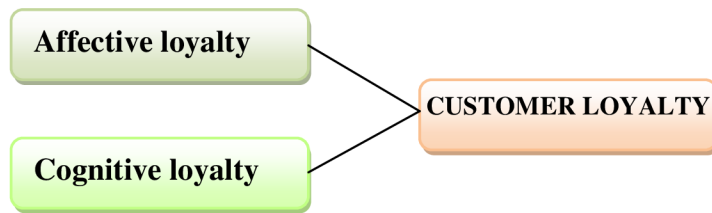


Figure 1.4: Dimensions of loyalty (Allen and Rao 2000, p.8)

1.2.2 Types of loyalty

The point that needs to be raised is that there are a number of various types of loyalty, which needs to be taken into consideration. The extreme form of loyalty is *monopoly loyalty* when customers have a little or no choice, which leads to the fact that they feel often very dissatisfied and their loyalty can be seen as resentful. Another type is incentivized loyalty that uses gift cards, company cards, and loyalty programs and may have some effects on customers who are not spending their financial resources. In addition, the significant form of loyalty is also habitual loyalty that is the most common type of repurchases based on familiar routines and minimal thought (Hill, 1996).

1.2.3 Loyalty levels

There are different degrees of customer loyalty, which can be graphically demonstrated as the loyalty ladder and defined as:

- **Suspects** – all buyers of the service in the marketplace. Suspects are either unaware of the service provided or have no tendencies to purchase it.

- **Prospects** – potential customers, who have some attraction towards the service provided, but have not yet taken the step forward and purchase it.
- **Customers** – one-off purchasers of the service who have no genuine feelings of affinity towards the service provider.
- **Clients** – repeat customers who have positive feelings of affinity towards the service provider. However, their support is considered as passive rather than active.
- **Advocates** – clients who keenly support the service by recommending it to others.
- **Partners** – the most valuable form of customer-service provider relationship that is sustained because both subjects consider the partnership as beneficial (Hill, 1996).

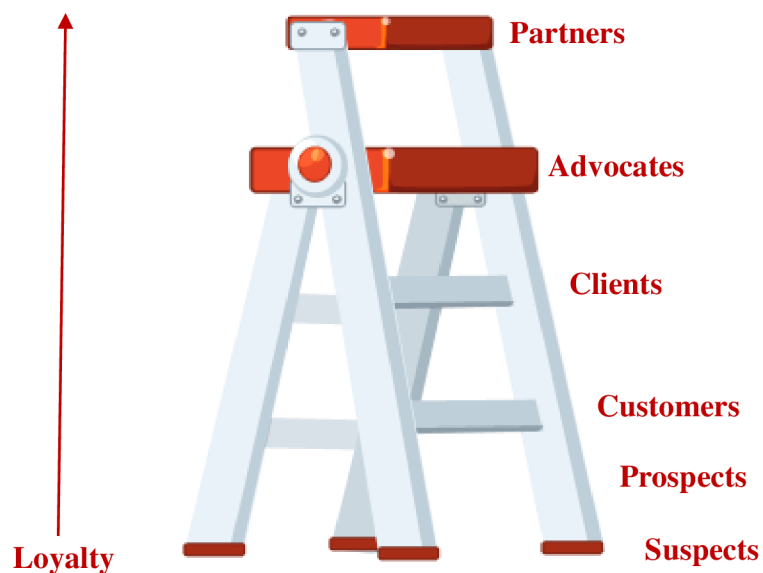


Figure 1.5: The loyalty ladder (adapted from Hill 1996, p.15)

1.3 Customer loyalty versus customer satisfaction

1.3.1 Relationship between customer satisfaction and customer loyalty

Marketing literature suggests that customer satisfaction is related to customer loyalty, and more generally proposes that customer satisfaction influences customer loyalty. Since the 1990s a large and growing body of literature has shown that satisfaction is an essential driver and primary determinant of loyalty (Parasuraman, Berry and Zeithamel, 1988). Contrarily, Allen and Rao (2000) propose that satisfaction and loyalty are two different constructs, and therefore customer satisfaction is essential but not sufficient condition for loyalty. Satisfaction is attached exclusively to service attributes and may be a comparatively more dynamic measure. Contrarily, loyalty is a broader, more dynamic approach to an organization in general. It includes rational and emotional dimensions and is significantly influenced by customer satisfaction.

The top priority of most organizations must be the understanding of the customer satisfaction-loyalty relationship, and more generally the understanding of the difference between “making more customers satisfied and making customers more satisfied” (Hill, Roche and Rachel, 2007, p.5). In order to ensure loyalty, a necessity to make customers highly satisfied, not merely satisfied, is extremely important. There is no commonly accepted curve that demonstrates the relationship between customer satisfaction and loyalty. According to Hill, Roche and Rachel (2007) the concept can be generally illustrated as the non-linear relationship, as shown in the following figure 1.6.

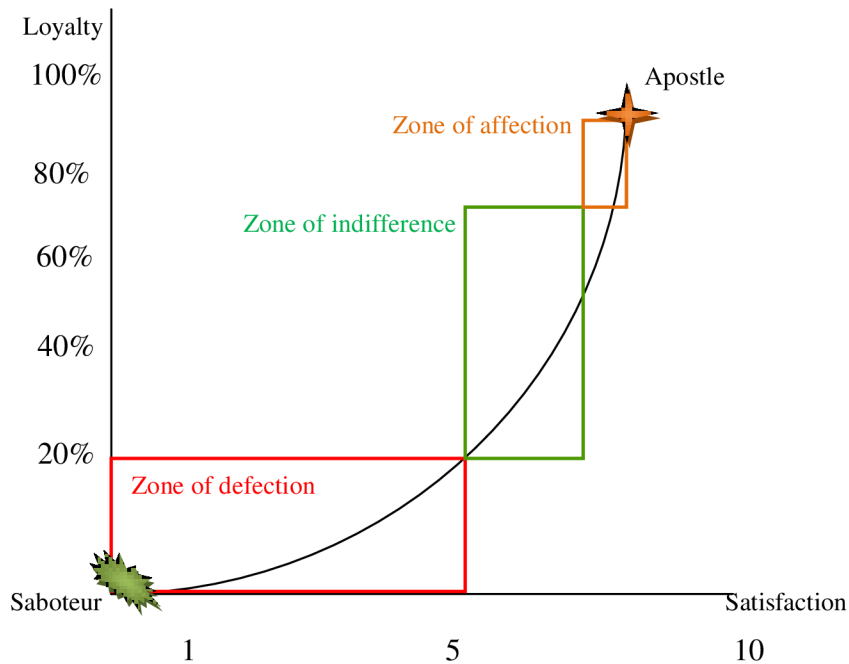


Figure 1.6: Satisfaction-Loyalty relationship (Hill, Roche and Rachel 2007, p.5)

1.3.2 Effects of customer satisfaction and loyalty on organization's performance

Customer satisfaction has direct effects on profitability and lowering costs, as dissatisfied customers are intend to consume organizational resources via handling complaints, resolving problem and asking for advice (Johnson and Gustafsson, 2000). There is a certain perception that customer satisfaction influences organisation's profitability exclusively via customer loyalty, which significantly underestimated the value of customer satisfaction. According to the database of the American Customer Satisfaction Index, Fornell et al (1996) elaborates the premise that customer satisfaction is less significant than customer loyalty. He claims that it is satisfaction measures rather than loyalty data that facilitate the enhancement of relationship with customers. The risk is that companies tend to concentrate on managing loyalty, rather than creating profitable loyalty via customer satisfaction (Fornell et al, 1996).

1.3.3 Improved satisfaction is associated with greater loyalty

A recent research has demonstrated that higher level of satisfaction leads to greater loyalty. According to Reinartz et al. (2002), loyal customers often act as word-of-mouth marketers for companies. The loyal customers serve as a “fantastic marketing force” by providing recommendations and spreading positive word-of-mouth. Those activities are considered as the best available form of advertising, as the importance of word-of-mouth can never be overemphasized. As a result, increasing the satisfaction level of those customers who avail of a company’s services has a significant impact on enhancing customer loyalty. Additionally, Kotler (2003) suggests that there are two ways to increase customer loyalty: create high switching barriers, i.e. cost of preferring another supplier, or deliver exceptional levels of customer satisfaction.

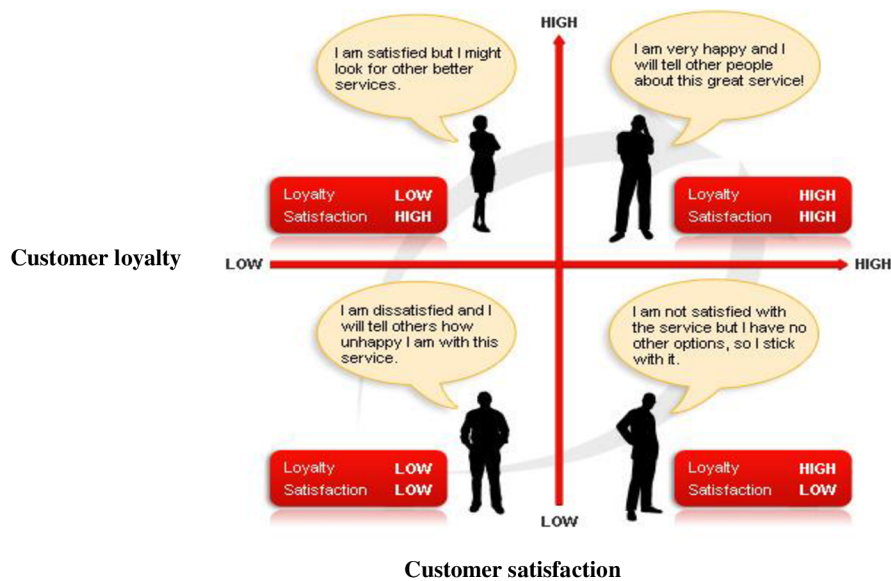


Figure 1.7: The relationship between customer satisfaction and customer loyalty (Stylez.sg, 2010)

1.4. Customer satisfaction measurement

1.4.1 Linking customer satisfaction to service quality

“People want some wise and perceptive statement like, Quality is ballet, not hockey”

Philip Crosby (1979)

The quality in services has gained recognition in the 1980s. Continuously improving customer driven service quality has become a top one priority for all firms in service industries. Efforts in conceptualizing and measuring service quality have its origins in the goods sector, and therefore the knowledge about goods quality is essential in order to understand service quality. Nonetheless, many studies have suggested that there is a significance difference between products and services, and more generally it is the way they are produced and consumed (Grönroos, 1998; Edvardsson, 2000). The time period between service production and consumption is significantly shorter than for products, because most services are produced “on a spot” in an interactive process, in which customers and service providers meet.

Based on the specific diversities in production and provision of products and services, customers assess quality and attributes of material goods and services differently (Mathe and Shapiro, 1993). This fact has led to a discussion on the necessity for special tools for evaluating more diverse and less tangible services (de Brentani, 1989). Regarding to the increasing demands for developing appropriate and reliable ways to measure customer satisfaction in service industries, a number of studies have been conducted that proposed methodological frameworks for measuring customer satisfaction. Moreover, the benefits of improved service quality, in terms of lower costs, bigger market share, increased profitability and stronger business performance, has been broadly investigated (Anderson and Zeithamel, 1984; Lewis, 1993). The point that needs to be raised is that quality in services remains largely undefined and unexplored.

Academics and practitioners conclude that service quality is more difficult for consumer to assess than goods quality. Furthermore, there is a consensus about the nature of service quality perceptions that result from a comparison of consumer expectations with actual service performance. In addition, quality evaluations are not made on the outcome of a service; also involve evaluations of the process of service delivery (Lewis and Booms, 1983; Parasuraman, Berry and Zeithamel, 1985). There is a vast amount of various definition of service quality. A recent research shows that a commonly accepted definition is to view the quality in service as the extent to which a service meets customers' needs or expectations (Lewis and Mitchell, 1990; Dotchin and Oakland, 1994; Asubonteng et al., 1996). In another words, service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to customer expectations on a consistent basis (Lewis and Booms, 1983).

Satisfaction with service quality is associated with a number of particular dimensions - both tangible and intangible attributes of the product-service offer. Four significant characteristics of services – intangibility, heterogeneity, inseparability, and perish ability – are of a particular interest at this work in order to appropriately understand service quality. First, most services are intangible, and thus impossible to be measured, counted or inventoried (Berry, 1980; Lovelock, 1981). Due to intangibility, organizations have difficulties to identify how consumers perceive its service and assess service quality.

Second, heterogeneity of service means that service performance entirely varies from producer to producer, and from customer to customer. In light of the fact, what the organization delivers may be significantly different from what the consumer receives. Third, research has demonstrated that production and consumption of many services are inseparable, because the service is being produced at the same time that the client is receiving it (Carmen and Langeard, 1980). Fourth, perish ability of service refers to unused capacity that cannot be stored for future use.

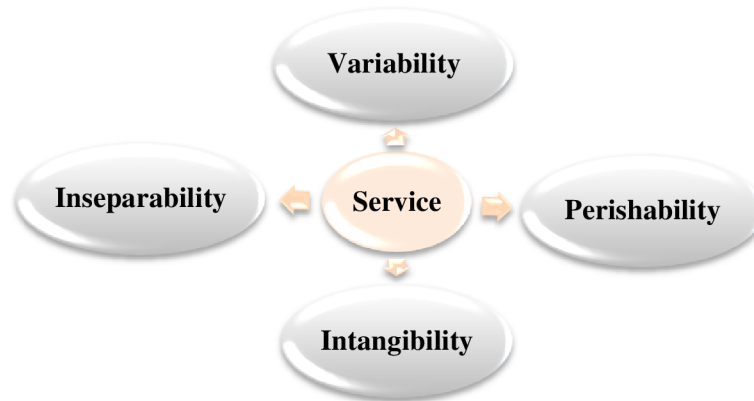


Figure 1.8: Four characteristics of service (adapted from Berry 1980, p.14)

1.4.2 The historical roots of customer satisfaction measurement

The origins of the measurement of customer satisfaction has emerged within the field of Total Quality Measurement (TQM) and gained an increased recognition in many scientific areas like marketing. According to the TQM approach, customer satisfaction is a quality component that came into sight in the main quality awards such as Malcolm Baldrige National Quality Award. The TQM studies customer satisfaction measurement from the service quality viewpoint.

Contrarily the marketing approach considers social-psychological aspects, focusing on how customer satisfaction is formed and the impact on the future purchase behaviour (Vavra, 1997; Grigoroudis and Siskos, 2010). An increasing interest in customer satisfaction was rooted in the early 1980 and associated with the quality revolution in the United States when the importance of customer satisfaction as a certain quality improvement of the services was recognized. According to Deming (1993), the communication process with customers based on customer satisfaction surveys is the primer precondition for the quality improvement of the services.

Regarding the marketing research within the 1960s – 1980s, customer satisfaction measurement was seen as a problem of customer behavioural analysis. The Cardozo model (1965) is one of the first attempts to measure customer satisfaction, aiming

the understanding of the effect of satisfaction on future customer purchase behaviour. Another prominent research was done by Howard and Sheth (1969). The work was based on the development of a process model of satisfaction, combining four major variables: inputs; perceptual constructs; learning constructs; outputs. One of the earliest and most influential studies regarding customer satisfaction was done by Olivier (1977; 1980), using Helson's (1964) adaptation theory. The theoretical framework is known as the expectancy disconfirmation theory, describing the process of how satisfaction is produced. The significant point of highlighting is the introduction of the Journal of Customer Satisfaction/Dissatisfaction, published since 1988 by editors Day and Hunt. Furthermore, the emergence and installation of customer barometers such as national satisfaction barometers (e.g. American Customer Satisfaction Index, Swedish Customer Satisfaction Barometer) meant a prominent step forward.

A large number of literatures were published on the drivers of customer satisfaction and the operationalization of customer satisfaction and its antecedents (Olivier, 1980; Churchill and Surprenant, 1982). In the mid-1980s, academics tended to focus on the implementation of strategies aimed to optimize customer satisfaction. As suggested by Grönroos (1982), the quality of a service perceived by customers vary depending on what strategy the company intends to use in order to deliver and promote that service. In light of the fact, the quality of a service, as it is perceived by the customer, can be divided into technical quality and functional quality dimensions. The technical quality is the fundamental condition for a positively perceived total quality, but the functional quality is the one that adds competitive edge.

Grönroos (1988) extended the model by stating that the company that provides service is more associated with *total perceived quality*. A high perceived quality is occurred when the experienced quality meets customer expectations. Although if the expectations are unrealistic, the total perceived quality is low, even if high quality was experienced. Grönroos concluded that the total perceived quality is not depends on the level of technical and functional dimensions, but also on the lack between the expected and the experienced quality.

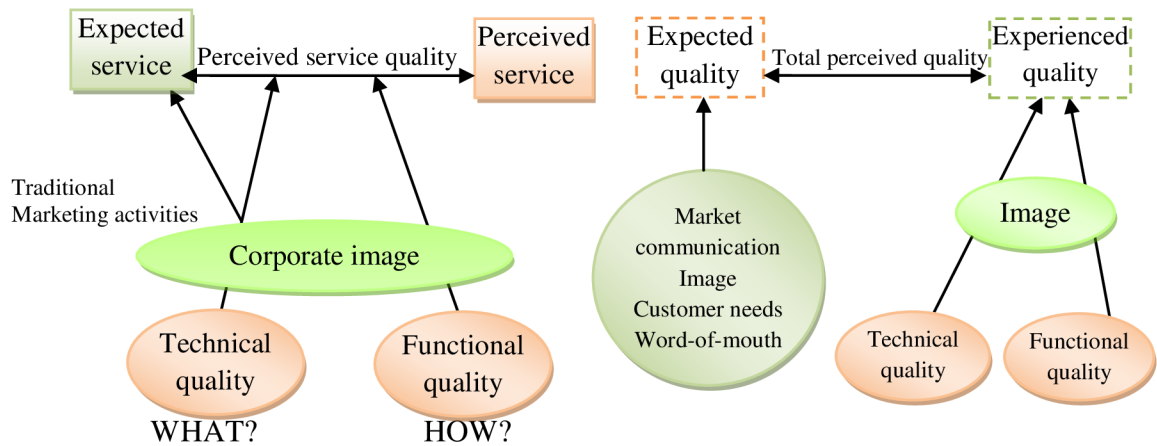


Figure 1.9: Service Quality Model Figure
(Grönroos 1982, p.187)

1.10: Total Perceived Quality
(Grönroos 1988, p.12)

Parasuraman, Berry and Zeithamel (1985) discuss the significance of customer satisfaction, service quality and customer expectations, and introduce a general service quality theory as a first attempt to operationalize satisfaction. They suggest that a crucial element to sustain satisfied customers is the ratio of perceived performance to customer expectations. The Gap Model of Service Quality recognizes four following particular gaps leading to a fifth overall gap between customers' expectations and perceived service.

- Consumer expectation – management perception gap (Gap 1): The difference between customer expectations and management perceptions.
- Management perception – service quality specification gap (Gap 2): The difference between management perceptions of customer expectations and the firm's service quality specifications.
- Service quality specifications – service delivery gap (Gap3): The difference between service quality specifications and the actual service delivered to customer.
- Service delivery – external communications (Gap 4): The difference between the actual service delivered to customers and the promise of the firm to customers about its service quality.
- Customer gap (Gap 5): The difference between consumer expectations and perceptions – the service quality gap.

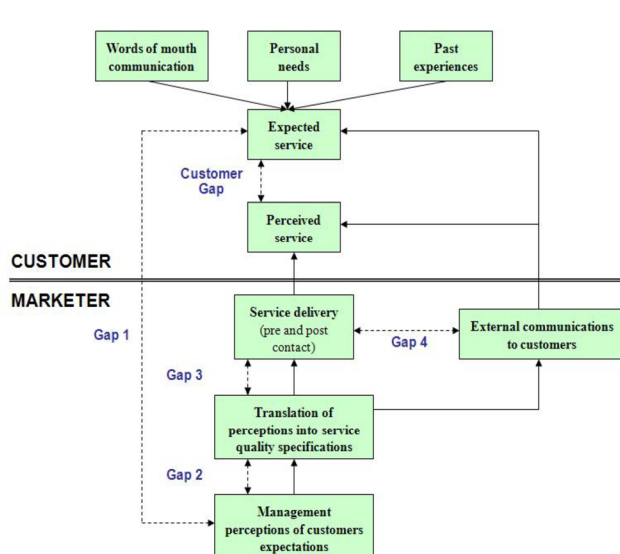


Figure 1.11: Integrated gap model of service quality (Parasuraman, Berry and Zeithamel 1985, p.44)

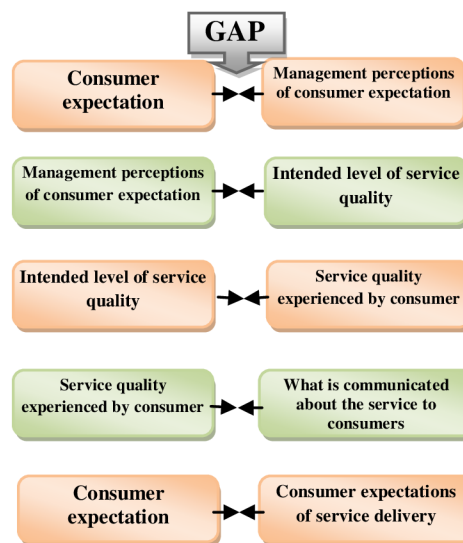


Figure 1.12: Principle disparities affecting service quality (Allen and Rao 2000, p.2)

Parasuraman, Berry and Zeithamel (1988) refined their previous research and introduced their multi-item SERQUAL scale, which represented one of the first attempts to operationalize the customer satisfaction construct and measured the five dimensions of service quality. They suggested that five specific dimensions of service quality exist and apply regardless of the service industry:

- Reliability – the ability to provide the service accurately on time every time, in the same manner and without errors.
- Responsiveness – the willingness to help customers and provide promised service.
- Assurance – perform the service, politeness, respect for customers and effect communication with them.
- Empathy – firm’s individualized attention to its customers.
- Tangibles – the appearance of physical equipment, personnel and communication materials.

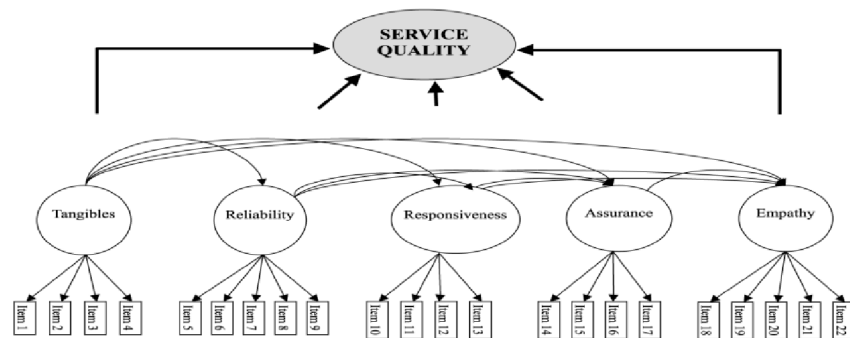


Figure 1.13: SERQUAL model (Parasuraman, Berry and Zeithamel 1988, p.18)

The theoretical framework has been the subject of a number of criticisms. Numerous studies have investigated some limitations of SERQUAL model in terms of the validity of the five dimensions and uniform applicability for all service sectors. For instance, Reeves and Bednar (1994) broadly elaborated the weaknesses of SERVQUAL and its related instruments. Nonetheless, the best way of how to appropriately conceptualize and operationalize service quality remains still a hot topic for discussion. However, the commonly acceptable statement is that service quality is a multi-dimensional or multi-attribute construct (Cronin and Taylor, 1992; Parasuraman, Zeithaml and Berry, 1988).

1.4.3 Existing knowledge about customer satisfaction measurement

“Satisfaction measurement is like peeling away layers of an onion-each layer reveals yet another deeper layer, closer to the core” *Xu (2005, p.163)*

Measuring customer satisfaction is the most prominent indicator of future customer behaviours that provides extremely valuable information about how an organization can improve its outcomes in the future. Customer satisfaction measurement is entirely focused on measuring customers’ attitudes about how satisfied or dissatisfied they feel with the service provided. Hill, Roche and Rachel (2007) point out that attitudes customers

hold about organizations significantly impact their future behaviour towards it as shown in Figure 1.14. This indicator is considered as the most significant in order to manage organizational performance. Customers' behaviours, and more generally loyal behaviours, such as customer defection rates, average spends and complaints provide an organization with precious information that is used to measure organizational performance. Nonetheless, customers' behaviours reflect what has already happened in the past and thus do not facilitate the improvement of organizational outcomes.



Figure 1.14: Attitudes and behaviors (Hill, Roche and Rachel 2007, p.4)

In order to measure customer satisfaction, multiple satisfaction measures are used for evaluation, like customer loyalty and value. Czarnecki (1999) defined the specific reasons, why multiple measures must be used. First, satisfaction refers to the overall customer behavior, and therefore a single measure is not appropriate for providing valuable information. Second, the employing of multiple satisfaction measures is able to guarantee the integrity and accuracy of collected data. Customer satisfaction measurement is based on the acquisition of data that provides information about how satisfied or dissatisfied customers are with a service provided. As a result, using of multiple measures requires a number of various information sources, some prominent examples are summarized in the Table 1.2.

Table 1.2: Customer satisfaction sources of information (Massnick 1997, p.13)

Category	Examples
<i>Research methods</i>	Customer surveys, customer visits, customer panels, mystery shoppers, industry trade press.
<i>Operational data</i>	Complaints, customer comment cards, customer service reports, quality performance tracking.
<i>Marketing/sales channels</i>	Sales contact reports, customer/competitor advertising, sales data analysis, new product idea suggestions, and customer literature.
<i>Others</i>	Benchmarking, management contacts, workshop/seminars.

Customer satisfaction measurement can be generally divided into two categories-*direct measurements systems and indirect measurement systems*, based on the source of the available information.

1. *Direct measurement systems* use data that come straightly from the set of customers such as customer satisfaction survey, customer complaint systems and personal interviews. These systems have preventive effects that provide organizations with early warnings about what needs to be improved. They may help an organization to identify enhancement before potential problems, like customer dissatisfaction and customer complaints, arises.
2. *Indirect measurement systems* are based on data that refers to the results of customer satisfaction such as changes in the sales level and market share. These systems have remedial effects, as they try to correct problems and undesired situations that have already occurred (Woodruff and Gardial, 1996).

1.5 Toolbox for measuring customer satisfaction

Despite a vast amount of theories and theoretical frameworks, organizations usually use similar sets of approaches and tools for measuring consumer satisfaction. There are four approaches towards customer satisfaction measurement which are as follows:

- Exploratory and descriptive approaches are employed for evaluating customer attitudes, opinions, and understanding of various issues.
- Comparative and explanatory approaches are focused on elaborating particular customer behaviors and for development of forecasts of certain features that may impact values and attitudes, and in turn lead to changes in behavior.
- Interpretative methods and envisioning are involved in forecasting the consequences of particular consumer consumption patterns.

1.5.1 Customer satisfaction surveys

Customer satisfaction surveys are a questionnaire based information collection tool to determine the level of satisfaction with service features. Satisfaction surveys are generally conducted in order to provide an understanding of customer expectations and satisfaction. The main purpose is to measure overall satisfaction, satisfaction with individual service attributes, and satisfaction with the benefits of purchase. A number of tools and techniques are being used for gathering survey information. The most common examples are summarized in the following Table 1.3.












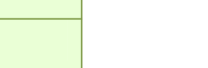
Table 1.3: Tools for measuring customer satisfaction (Hague and Hague 2011, p.5)

Tools	Advantages	Disadvantages	Typical applications
<i>Postal surveys (or e-research)</i>	<ul style="list-style-type: none"> • Low cost • Respondents can complete in a time to suit them • Easy to complete scalar questions • Visual explanations can be provided 	<ul style="list-style-type: none"> • Low response rates • Poor response to open ended questions • Misunderstanding of questions cannot be rectified by an interviewer • Attracts response from complainers or the very satisfied 	<ul style="list-style-type: none"> • Where there is a strong relationship with the company • Where customers feel obliged to fill it in.
<i>Face-to-face interviews</i>	<ul style="list-style-type: none"> • Ability to build rapport and hold the respondent longer • Queries are answered • Show cards can be used • Good response to open ended questions • Can ask respondent to self complete tedious scalar response 	<ul style="list-style-type: none"> • Expensive for a geographically dispersed population • Takes longer to carry out the fieldwork because of the logistics 	<ul style="list-style-type: none"> • For key customers • Where customers are tightly grouped geographically • Where the subject is complicated or lengthy
<i>Telephone interviews</i>	<ul style="list-style-type: none"> • Low cost • High control of interviewer standards • High control of sample • Easy to ask for ratings using simple scales • Quick turnaround of fieldwork 	<ul style="list-style-type: none"> • Tedious for respondents when there are dozens of attributes to rate • Some consumers are hard to access by phone • Cannot show explanatory visuals 	<ul style="list-style-type: none"> • Used broadly in all business to business surveys

The choice of data collection methods depends on a number of major factors – *level of participation, lengths of customer satisfaction survey, length of fieldwork, cost*. It can be generally assumed that specific types of customer are more likely to get involved in a survey than the others. Very dissatisfied or very satisfied customers may be more likely to respond to a survey than those in the middle, which can lead to misleading results, and therefore specific actions such as increasing the level of participation must be

undertaken. Generally, face to face and telephone interview, tend to have higher levels of participation, whereas a postal or online surveys are more ignored. The point of highlighting is the consideration of the length of the survey, because particularly long or complex survey may lead to higher level of non-participation. Moreover, different methods of data collection tend to take different lengths of time. Telephone fieldwork is associated with the shortest period of time while postal surveys tend to take the longest period. In addition, the cost of data collection plays an important role. The most expensive are face to face and telephone interview because of the need of interviewer fees. E-search and postal questionnaires are the least expensive data collection methods, with online being the cheapest one.

Table 1.4: The choice of data collection method (adapted from Hague and Hague 2011, p.5)

	Face-to-face	Telephone	Postal (e-search)
Level of participation			
Length of survey			
Length of fieldwork			
Cost			

1.5.2 When to Conduct Customer Satisfaction Surveys

The most appropriate timing for measuring customer satisfaction and building customer satisfaction surveys depends on the specific attributes such as the nature of service provided, the kinds of customers served, the size of the set of customers served, the longevity and frequency of customer/supplier interactions.

Generally, three approaches to conducting satisfaction surveys are used in order to acquire customer feedback for evaluating overall accomplishments, level of success, and areas for improvement and future optimal development:

- **Post purchase evaluation** — satisfaction feedback is obtained from the individual customer at the moment of service delivery, or shortly afterwards. This type of satisfaction survey is generally used to establish a long term relationship with the individual customer.
- **Periodic satisfaction surveys** — satisfaction feedback from groups of customers obtained at periodic intervals to provide a specific snapshot of customer experiences and expectations.
- **Continuous satisfaction tracking** — satisfaction feedback is gained from the individual customer at the moment of service delivery. Satisfaction tracking surveys are often part of a management initiative to guarantee quality is at high levels over time (Xu, 2005).

1.5.3 Customer satisfaction questionnaire

Developing a high-quality questionnaire is the most significant for collecting valuable information. The process in general is demonstrated in the following figure 1.15 and consists of three stages:



Figure 1.15: A general model of customer satisfaction questionnaires (Hayes 1998, p.7)

1.5.3.1 Determine customer requirements

Customer requirements define the quality of service provided in terms of the quality dimensions and specific examples of these dimensions. As suggested by Hayes (1998), customer requirements are those characteristics of the service which represent important dimensions. Knowledge of customer requirements is crucial for a proper understanding of the way customers evaluate the quality of the service. Moreover, awareness of customer requirements facilitates the development of the high-quality customer satisfaction questionnaire.

1.5.3.2 Develop and evaluate questionnaire

The main purpose of the questionnaire is to allow the assessment of specific information about customer perceptions, more generally its questions should assess the extent to which customers are satisfied on each of the quality dimensions. Questions must be short and concise, well formulated, easy to interpret, and facilitate unbiased responses. Satisfaction surveys in general require multiple questions that address various dimensions of the satisfaction concept. There are two fundamental types of survey questions – *open-ended and closed-ended*. Open-ended questions allow respondents to answer in any way they choose. Closed-ended questions entail respondents to choose from a limited number of answers. There are 5 basic types of closed-ended questions:

- *Multiple-choice* – participants choose the best possible answer among all options.
- *Categorical* – answers are categorized, and the respondent must choose one category.
- *Likert-scale* – allow to determine respondents' attitudes or feelings.
- *Numerical* – responses predetermined by the researcher are only numbers.
- *Ordinal* – allows respondents to rank order their responses.

In order to measure customer attitudes, various rating scales are employed. Brace (2008) points out that the most commonly used approaches are:

- Itemized rating scales – an interval scale on which answers are a range of spaced points.

<input checked="" type="checkbox"/>	Excellent	1	<input type="checkbox"/>	Extremely important	1
<input type="checkbox"/>	Very good	2	<input type="checkbox"/>	Very important	2
<input type="checkbox"/>	Good	3	<input type="checkbox"/>	Important	3
<input type="checkbox"/>	Neither good nor poor	4	<input checked="" type="checkbox"/>	Neither important nor unimportant	4
<input type="checkbox"/>	Poor	5	<input type="checkbox"/>	Not important	5

Figure 1.16: Example of itemized scales (adapted from Brace 2008, p.71)

- Attitudinal rating scales – address responses to a number of attitudinal dimensions. The most commonly acceptable types are:
 - Likert scale (“agree-disagree” scale) – provides respondents with a number of attitude dimensions, for each of which they are asked how strongly they agree or disagree, using one of a number on a five-point scale.

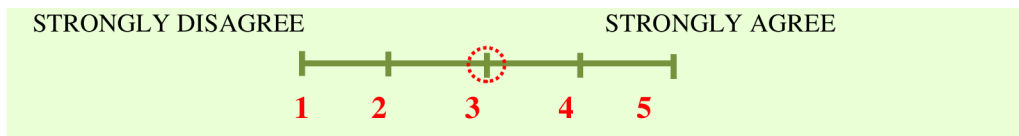


Figure 1.17: Example of likert scale (adapted from Brace 2008, p.74)

- Semantic differential scale – a bipolar rating scale with opposite statements of the dimension at its two ends. Respondents indicate which they most agree with by placing a mark along a scale.



Figure 1.18: Example of semantic differential scale (adapted from Brace 2008, p.77)

- *Pictorial scales* – a range of smiles is used to indicate if participants agree, is happy or disagree, and is unhappy with the statement.



Figure 1.19: Example of pictorial scale (adapted from Brace 2008, p.80)

1.5.3.3 Use of questionnaire

The third stage represents a various uses of the customer satisfaction questionnaires, which allows the organization to acquire detailed knowledge about customer perceptions. The uses vary significantly from defining the current status of customer satisfaction to evaluating customer satisfaction over time (Hayes, 1998).

1.5.4 Importance – satisfaction analysis

Data from satisfaction surveys are used as a basement for Importance-satisfaction analysis, which initial form was first introduced by Martilla and James (1977). The main aim of the analysis is to determine which service attributes a firm needs to concentrate on to achieve or improve customer satisfaction. Typically, the best way of doing this is to construct a two-dimensioned matrix, where importance represents x-axis and satisfaction is depicted along the y-axes. To perform such an analysis, customers are asked to rate each service attribute on its satisfaction. Attribute importance is generally measured using form of rating scale. Once the data are collected, the importance and satisfaction means are calculated. Subsequently, the means of satisfaction and importance divide the matrix into four quadrants, which is demonstrated in the figure 1.20.

The satisfaction and importance ratings for each service attribute are plotted into the I-S matrix, and the following recommendations for customer satisfaction management emerge. Attributes in Quadrant I are rated high in both satisfaction and importance. They are considered as opportunities for gaining or maintaining competitive advantage. A firm needs to continue an emphasis in this area and keep up the good work. Quadrant II represents attributes, evaluated low in satisfaction, but high in importance. They demand immediate attention and needs to be improved. To enhance overall customer satisfaction a firm must concentrate on these attributes. Elements rated low in both satisfaction and represents are situated in Quadrant III. This area is considered as care-free, because all service attributes are of low priority. Therefore, a firm does not need to focus any additional effort here. Quadrant IV consists of attributes, evaluated high in satisfaction but low in importance. They are associated with exceeded customer expectations. This implies a firm performs better than it is expected. Nonetheless, high performance on unimportant attributes leads a firm to a possible overkill (Matzler et al., 2002).

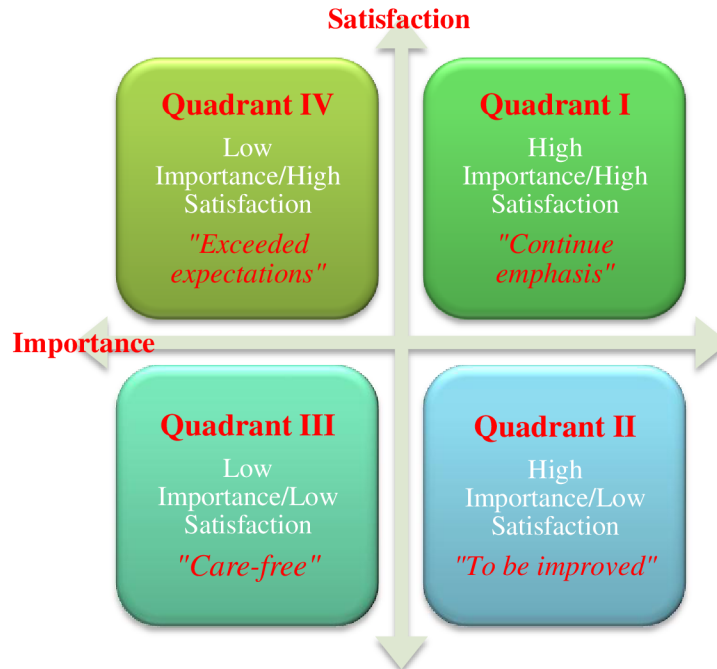


Figure 1.20: Importance-satisfaction matrix (Adapted from Matzler et al. 2002, p.272)

2 Customer Satisfaction Analysis of Deloitte Belgium

2.1 Analysis of customer satisfaction measurement methods

"There are a couple things Deloitte brings into its client service planning exercise. One is regular client service assessments so that we understand from the client's point of view on what we did well, and what we could do better."

- Faith Glazier, Principal, Deloitte

2.1.1 Deloitte's way of gathering customer satisfaction data – *client feedback*

Deloitte concentrates on having a well defined and formalized client feedback, which is crucial to demonstrating commitment to the client of ongoing service and relationship level improvement. According to Deloitte's experience, most clients are very willing to participate in the process and share their feedback, ideas, and even new opportunities. Acting on client feedback demonstrates that Deloitte listened and is a sure way to retain clients and gain their confidence and trust. Three simple steps are employed in order to achieve effective client feedback process:

- **ASKING** clients about the quality of service delivered, and whether the service met or exceeded their expectations.
- **SHARING** the feedback received with a number of professional groups, member firm leadership, and with the most significant stakeholders – clients.
- **ACTING** in a collaborative manner with the client to address the feedback received clearly demonstrates to clients their importance to Deloitte, and its commitment to continuous improvement in serving them.

In line with the global client segmentation model, which is shown in the Appendix 3, the client feedback process is applied to both audit and non-audit clients to identify the strengths and weaknesses of the relationship and measure value, nonetheless, the timing of when the feedback is reported and the types of discussions may be different for each group. According to Deloitte, the difference between what is considered as client feedback and what cannot be seen as client feedback is summarized in the following table.

Table 2.1: The nature of client feedback (Deloitte internal sources)

Client feedback is:	Client feedback is not:
<ul style="list-style-type: none"> ➤ Client driven benchmarking. ➤ Tools focused on 'defend' and 'grow'. ➤ Strategic management tool. 	<ul style="list-style-type: none"> ➤ A market research tool. ➤ A direct sales tool. ➤ Direct evaluation of partner or staff performance.

2.1.2 Global client feedback model and position of Deloitte Belgium

The Client Feedback Model is a framework that has been developed by Deloitte to facilitate building, refreshing, or enhancing its client feedback process. The model is applicable to all client types when benchmarking and improving client feedback processes. The client feedback model consists of two major components, which are as follows:

- Deloitte-initiated feedback:
 - **Relationship reviews** allow assessing the overall client relationship across the breadth of their experience with the Deloitte network and consists of five steps.
 - **Engagement reviews** determine how well Deloitte is meeting the client's expectations on specific projects.

➤ Client-initiated feedback:

- This form of feedback demonstrates interests in views of clients. It is the result of a relationship or engagement level concern or opportunity, or comments and perceptions of Deloitte's perception in the marketplace as a whole.

The following Tables 2.2, 2.3 and 2.4 summarize the basic facts about Deloitte-initiated feedback and client-initiated feedback.

Table 2.2: Detailed outline of relationship reviews (Deloitte internal sources)


RELATIONSHIP REVIEWS	
VALUE	➤ For Deloitte Belgium: formal tracking, analysis, market perceptions and trends, communicated to the practice as appropriate
FREQUENCY	➤ Designated Global Clients at least every three years ; any other coverage based Deloitte Belgium client portfolio strategy
PROCESS	<ul style="list-style-type: none"> ➤ Standardized templates and deliverables ➤ Communication and action plan in place ➤ Tracking and compilation tool ➤ Messages are communicated as appropriate across senior levels of the member firm
METHODS	➤ For Designated Global Clients , and clients providing negative feedback through another method: face-to-face interviews should be conducted

Table 2.3: Detailed outline of engagement reviews (Deloitte internal sources)



ENGAGEMENT REVIEWS	
VALUE	<ul style="list-style-type: none"> ➤ For the client: commitment to service improvement; actions integrated into client service plan ➤ For Deloitte Belgium: identification of service issues and driver of continuous improvement
FREQUENCY	<ul style="list-style-type: none"> ➤ Every one or three years
PROCESS	<ul style="list-style-type: none"> ➤ Basic survey tracking and reporting mechanism is in place ➤ Findings are reported to Deloitte Belgium service/functional leadership ➤ Feedback feeds into relationship reviews
METHODS	<ul style="list-style-type: none"> ➤ Face-to-face interviews conducted with clients based on member firm guidelines ➤ Engagement level surveys collected for other clients based on member firm guidelines ➤ For negative feedback received: face-to-face interviews conducted

Table 2.4: Detailed outline of client-initiated feedback (Deloitte internal sources)



CLIENT-INITIATED FEEDBACK	
VALUE	<ul style="list-style-type: none"> ➤ For the client: an opportunity to volunteer feedback at any point and on any aspect of Deloitte’s service— relationship or engagement ➤ For Deloitte Belgium: early awareness and resolution of issues
REQUENCY	<ul style="list-style-type: none"> ➤ All clients at any level at any time
PROCESS	<ul style="list-style-type: none"> ➤ Establish method for reporting and sharing ‘metrics’ from the process ➤ Communicate easily accessible feedback mechanisms to the client at all levels, with positive encouragement to provide feedback ➤ Clear governance process/escalation protocols in place to manage feedback and response to the client ➤ Integrate findings with relationship/engagement reviews as appropriate
METHODS	<p>Examples may include one or a combination of:</p> <ul style="list-style-type: none"> ➤ Name and contact details of independent person in engagement letter (e.g., fully independent Advisory Partner, CEO, or relationship assessor) ➤ Online form ➤ Telephone number of designated Deloitte stakeholder or a hotline

Across the Client Feedback Model, three different levels of process maturity have been identified: *foundation, intermediate, and advanced*. It is not expected that all member firms immediately move to the advanced level. Deloitte Belgium is currently at intermediate level and is moving to advanced level. The level of maturity in the model is an extremely prominent guide to allow Deloitte Belgium to assess where they currently are, and continually improve their client feedback process to derive greater value from it. The essence of these maturity levels is further outlined below:

➤ Foundation:

- The emphasis is on independently conducting relationship reviews on the most strategic clients with an effective follow-up process to act on the feedback at the account level.

➤ Intermediate: ← **Deloitte. BELGIUM**



- The relationship review program is expanded to include the next tier of clients and partner appraisals take into account the partner's record of seeking engagement level feedback.

➤ Advanced:

- All components of client feedback are fully integrated with each other and into key business processes and communications
- Client feedback is a key driver of the firm's strategy and talent and quality agendas

2.1.3 Methods of obtaining feedback and measuring customer satisfaction

The Client Feedback Model encompasses various methods to collect feedback. Generally, there are major techniques to acquire a vast amount of data:

- **Direct interaction with the client** (face-to-face or telephone)
- **Survey (paper/online)**
- **Hotline or web-based tools**

It is obvious that all of these methods provide valuable feedback, however the quality or richness of the feedback received can be dramatically different for each. Therefore, Deloitte Belgium needs to determine which method or combination of methods is most appropriate for its portfolio of clients.

- When connecting with major clients, the preferred standard of feedback is personal contact with the client. Face-to-face interviews are the best option because there are many cues or clues an interviewee provides that cannot be discerned over the telephone. Understandably, a telephone interview may be necessary in some circumstances. Base on Deloitte's Belgium experience, the most valuable data are obtained on a basis of personal contact, and therefore this is currently the only used method to receive feedback.
- Surveys can allow for additional breadth with significant clients, and also expand the coverage of clients involved in the process. This does not replace the requirement for direct interaction with the client. For Deloitte Belgium, a combination of direct interaction and surveys rotated during a given time period would ensure that some feedback is always received. Survey feedback may also lead to a personal interaction with clients, especially in cases of client concerns or dissatisfaction. Nonetheless, base on Deloitte's experience, the quality and quantity of feedback was very deficient. The last online survey was sent to 1000 clients and the number of responds was approximately 150. In light of the fact, Deloitte Belgium stopped using online surveys, and is currently focusing only on direct personal contact.

- Client-initiated feedback involves providing a mechanism(s) for all levels of stakeholders at the client to contact Deloitte in real-time. Channels could include a dedicated ‘hotline’ number or email address or online form. Whatever the approach chosen, an escalation process needs to be in place to respond to this type of feedback in a timely manner, while respecting the needs for independence or confidentiality as required.

2.1.3.1 Direct interaction with clients – face-to-face interviews

Direct personal contact in terms of face-to-face interviews is the most preferred method to connect with strategically important clients. Therefore, this method was employed to obtain a valuable client’s feedback and perform customer satisfaction analysis. Deloitte considers the interviews as the most appropriate option to obtain valuable customer feedback. Unfortunately, some clients may be unreachable, and therefore telephone interviews are essential. Nonetheless, face-to-face interviews are always favored, because there are many indications or clues an interviewee provides that cannot be discerned over the telephone. The interview process typically takes 1 hour and is carried out by assigned interviewers who are entirely independent or by members of Deloitte’s client service teams. Interviewers need to be prepared adequately in advance of the client discussion to ensure familiarity with the status of the relationship. To guarantee that the interviewers are well-briefed, the customer satisfaction assessment agenda is used to guide a briefing discussion with the client. Generally, the main focus of the interview is to evaluate the level and quality of provided services, and to gain clients’ feedback on how well the organization meets the client’s needs and most importantly, how Deloitte can enhance the quality of its services to better respond to its client’s requirements. The main items of discussing guide are summarized in the Appendix 4.

The whole process starts with the selection of the strategically important clients. Once the clients are selected, they are kindly asked to take part in the client feedback process. The contact with the selected strategic clients is made via letters which are electronically sent to the clients. First, a letter that serves the purpose of introducing client feedback process and asking the client for an interview. If the client is happy to participate in customer satisfaction assessment, a confirmation letter is sent to thank the client for willingness to get involved and to provide him/her with further details. In addition, the client receives a discussing agenda before the interview in order to go through it and get familiar with the questions. After the interview, a thank you letter is sent to appreciate client's feedback and the time he/she spent with the assessor.

The Interviews require detailed note taking. It is thus common to employ a 'buddy' who serves as a note taker, or record the interviews with the client's permission. The questions are usually rated by using itemized rating scales. Based on Deloitte's experience, not all clients are willing to respond all questions with a numerical score. Therefore, they are usually asked to use their judgments to identify a score at least on the mandatory questions. The universal overall satisfaction rating scale is summarized in the following figure 2.1, and is often used within the interview.



Figure 2.1: Deloitte's frequently used rating scales (Deloitte internal sources)

2.1.4 Analyzing client feedback and measuring client satisfaction

Once the process of obtaining the client feedback is finished, the results are analyzed and the findings are thoroughly reviewed with the clients. In order to sum up the customer satisfaction data, summary indices of *central tendency – means* are applied to provide an overall arithmetic average of all scores in the data set. Since each question is usually rated in terms of the client's received actual satisfaction and importance, a comparison of customer satisfaction scores and importance scores are of a particular in the whole measurement process.

It is generally assumed that low satisfaction mark along with low importance mark does not necessary mean the worst result. As the service attribute is relatively unimportant to the client, the low satisfaction mark place on this item does not indicate such a horrific outcome. However, low satisfaction mark and high importance mark indicates very unsatisfactory result. As the service attribute is very important to the client, Deloitte has not managed to fulfill the clients' expectations, which is expressed by low satisfaction mark and the increased gap between importance and satisfaction. Additionally, high satisfaction mark and low importance mark does not represent an efficient result either. Since Deloitte exceeds the clients' expectations on the service attributes, which are not important to them, and therefore leverage resources should be used elsewhere.

Currently, Deloitte does not apply any other method to further analyze customer satisfaction data. The Belgian firm does not calculate customer satisfaction index (CSI). AS Deloitte pursues cross industry-focused approach, the clients are from various industries. It is often that the sample of the interviewed clients covers several industries, since each client represents a different one. For this reason, a calculation of CSI would not be efficient.

Due to a diversity of the clients business, for each client involved in the review, a client specific feedback report is developed. The report includes, at minimum, key themes, strengths of the relationship, praise, critique and opportunities/suggestions for improvement. An action plan to act on the feedback and a client service plan are developed. Subsequently, a number of options are frequently used to communicate the feedback, findings, and actions to the client:

- Inclusion of feedback as part of a wider communication (e.g. a one-page summary of the key points).
- Follow-up letter, email, phone call, or informal conversation between the client and the LCSP.
- Round table discussion between the service team and the client staff, centering on the action plan from the client's feedback.
- Informal one-on-one discussions with each client staff member approached by his or her relationship contact from Deloitte concerning relevant points selected from the feedback report.
- Formal response in the form of a tailored client feedback report or presentation to be circulated among client staff.

At the client service meeting, the highly valuable inputs of the feedback reports are then formally reported to the whole client service team, including the Lead Client Service Partner as well as the CEO of Deloitte Belgium and the Managing partner of Clients and Markets. These reports lay the foundation for the final report. As the final stage of the customer satisfaction measurement process is the development of the overall report, which provides an objective picture of Deloitte performance against its clients' expectations. This highly valuable input enables Deloitte to develop ongoing service plans that address any issues raised and continuously enhance the service quality and customer satisfaction. The whole process of customer satisfaction measurement is summarized in the following figure 2.2.

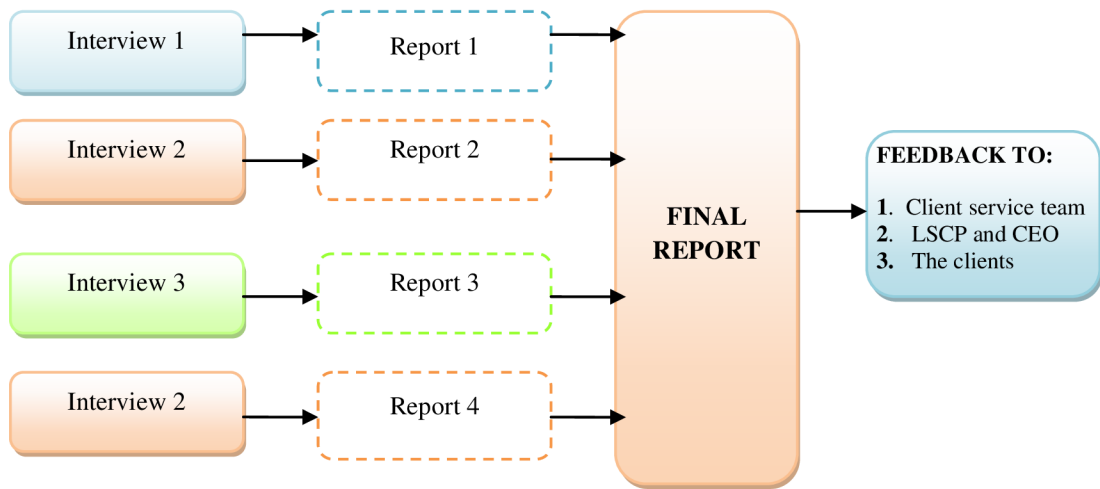


Figure 2.2: The customer satisfaction measurement process (Deloitte internal sources)

2.2 Analysis of a current level of customer satisfaction at Deloitte

2.2.1 Acquisition of customer satisfaction data – personal contact

The data for customer satisfaction analysis were obtained on a basis of face-to-face interviews. The interviews were aimed to strategically important clients. The clients were selected on a basis of their current strategic importance to Deloitte, and their willingness to take a part in the client satisfaction assessment. First, they were contacted via electronic letters and kindly pleased to participate in Deloitte client feedback process. The invitation letter, which was send to the clients, is shown below.

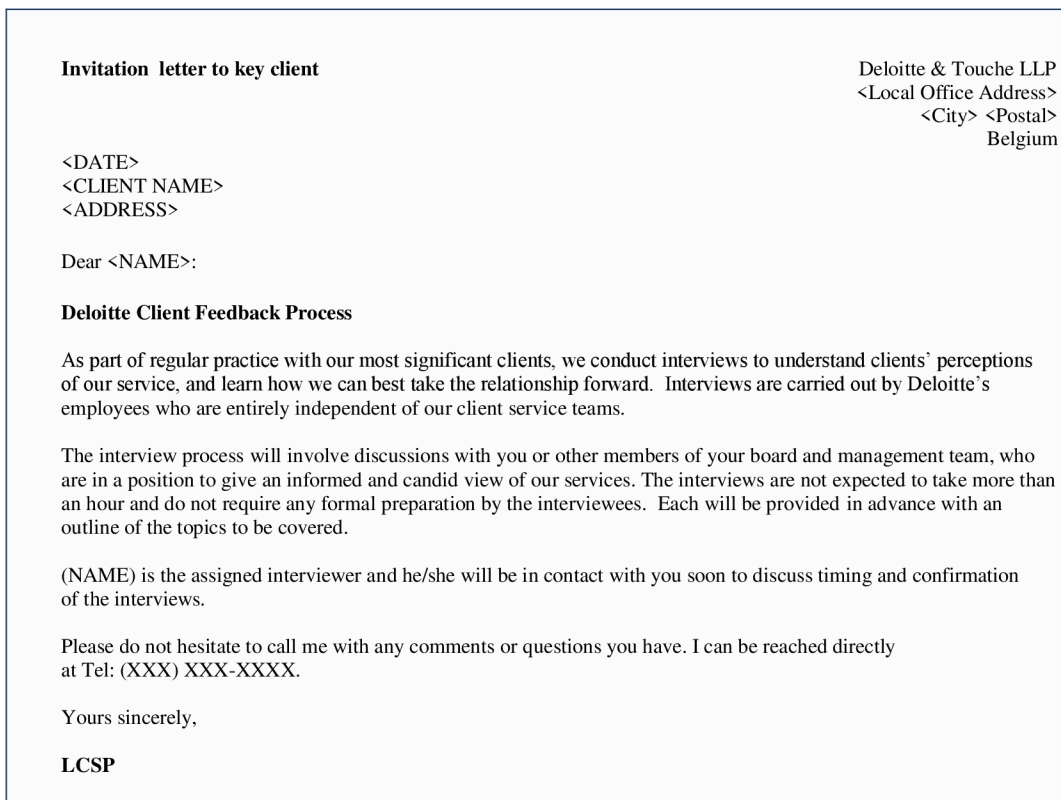


Figure 2.3: Invitation letter (adapted from Deloitte internal sources)

Based on the amount of the answers received from the contacted key clients, it was indicated that they were pleased Deloitte cared enough about its services that it performed such a client service assessment. Nonetheless, the final number of the clients who were happy to be interviewed and provide a valuable feedback was eleven. To process the interview, the confirmation letter was sent to thank the client for willingness to get involved and to provide him/her with further details. In addition, the client received in advance an outline of the topics to be covered and a discussing agenda in order to go through it and get familiar with the questions.

<p>Client interview confirmation letter</p> <p><DATE> <CLIENT NAME> <ADDRESS></p> <p>Dear <NAME>:</p> <p>Deloitte Client Feedback Process</p> <p>Thank you for your willingness to meet with me at <PLACE> on <DATE> at <TIME>.</p> <p>As discussed with you previously, the focus of the interview will be to evaluate the level and quality of service we have provided to you. The questions below will enable you to think about your comments on the matters we will discuss:</p> <p>What do we do well and what are the opportunities for us to improve?</p> <ul style="list-style-type: none"> •Makes and meets commitments •Understands your needs •Demonstrates technical competence •Demonstrates professionalism •Avoids surprises <p>What is your overall level of satisfaction with Deloitte?</p> <ul style="list-style-type: none"> •Do you think our performance has improved, deteriorated, or remained the same over the past two to three years? •What is important to you in a professional advisor? •What actions can we take to improve our service to you? <p>Our clients are the most important source of information about our quality of service. For our future service plans to be effective, we would like you to be completely candid in your comments.</p> <p>I would like to thank you in advance for your contribution to this assessment.</p> <p>Yours sincerely,</p> <p>INTERVIEWER</p>	<p>Deloitte & Touche LLP <Local Office Address> <City> <Postal> Belgium</p> <p>Tel: (XXX) XXX-XXXX Fax: (XXX) XXX-XXXX www.deloitte.be</p>
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Figure 2.4: Confirmation letter (adapted from Deloitte internal sources)

The clients who got involved in the process were typically representatives of large Belgian headquartered accounts or international companies with prominent Belgian operations. They have been one of Deloitte’s key clients for several years, generating large revenues in the past three years. Each client was represented by three to five members of its senior management team or decision makers, who were in a position to give an informed and candid view of our services. The interviewed clients are organizations that operate mostly in EU countries like Belgium, United Kingdom, France, Luxembourg, Ireland,

Italy, Spain and one client is a member of management team of US company. Many of clients prefer to remain anonymous, and therefore further details about them cannot be provided. The interviews were conducted by Deloitte's employees, including me, who are entirely independent of the client service team, and served by note taker who recorded responses on paper. Assessors were impartial and able to ask what the client thought in a completely neutral, non-judgmental manner. Each interview took approximately from 30-45 minutes. The clients were obliged to stop the interview at any time for any reason (e.g., to rest, to obtain a refreshment) or resign from the customer satisfaction assessment in case they change their minds. If they wished, they may have chosen not to answer any question. However, they were kindly asked to use their judgments to identify a score at least on the mandatory questions. Exceptionally, they were also obliged to complete the interview in several sessions to allow them to rest.

Most of Deloitte's engagement has been in consulting but all of the service lines have been actively involved, including Tax as a significant element of the relationship. In light of the fact, the focus of the interviews was to understand from the client's point of view on what Deloitte did well, and what it could do better. More generally, the emphasis was to assess accurately individual satisfaction with the Deloitte relationship in terms of Deloitte's Client Service Principles:

- ✓ **MAKE** and meet our commitments to our clients
- ✓ **UNDERSTAND** our clients' business and what is important to them
- ✓ **PROVIDE** value and build trust through technical competence and consistent results
- ✓ **DEMONSTRATE** professionalism through effective interaction and communications
- ✓ provide a **NO SURPRISES** experience

Intangible characteristics of service were of a particular interest at this interview in order to avoid difficulties to identify how clients perceive satisfaction with Deloitte's services

and assess service quality. It is sufficient to mention that, tangible dimension of Deloitte services were not included in the interviews, because most of the clients are distance and contact with client is made via email and phone calls.

2.2.2 Structure of the interview questions

The face-to-face interview was comprised of sets of the quantitative questions and followed by a combination of the close-ended and open-ended questions. The quantitative questions tie directly to Deloitte's Belgium client service standards. The clients were asked to rate our performance against the standards on a scale of 1-5, when 1 means the highest reachable mark and 5 the lowest reachable mark. In addition, they were asked to rank the first set of six questions from 1 to 5 in order of importance. The remaining set of the close-ended, and more generally open-ended questions was aimed to encourage an open discussion about Deloitte business and industry, how Deloitte compares to other service providers, and how the firm can improve its service levels. The whole structure of the answer is shown in the Appendix 5. Within the process of obtaining the client feedback, the client indicated they were pleased that we cared enough about our services that we would perform such client service assessments. The guide of general additional questions was applied as well in order to streamline the conversation. The summary is summarized in the following figure 2.5.

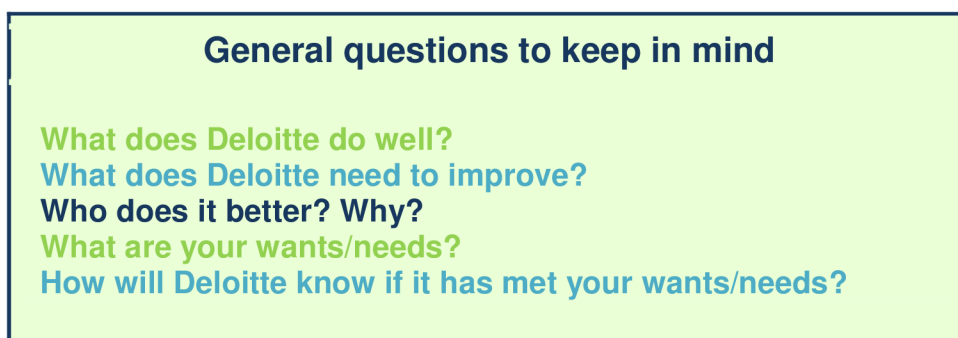


Figure 2.5: The guide of additional questions (adapted from Deloitte internal sources)

3 Analyzing the results from the face-to-face interviews

3.1 Evaluation of the quantitative questions

3.1.1 Using summary statistics for data evaluation and interpretation

The collection of interview data provides the primary data for detailed evaluation. The most frequent technique to summarize large data set from the quantitative questions is the use of summary indices. One way of summing up the data is to determine *central tendency* in terms of the centre or middle point of scores. Three statistics are used in order to determine the centre of the scores – mean, median, and mode. While measures of central tendency indicate the central point, the spread of the data is indexed by *measures of variability* – variance and standard deviation, which indicate the extent to which scores are tighten up versus spread out.

For each of the quantitative question from the interviews, summary statistics and figures are computed and presented. The tables displaying summary statistics (arithmetic means, medians, modes, variances and standard deviations) for responses to every question of interest. In particular, these statistics were chosen to summarize the range of the acquired data in more detail. They are used to provide an overall picture and give an indication of what needs to be improved.

3.1.2 Using Importance–Satisfaction matrix for data evaluation and interpretation

The most important work after the calculation of summary statistics and related discussions are to determine which service quality attributes must be improved to raise client satisfaction. For Deloitte with limited financial resources it is necessary to prioritize certain attributes. Low-quality attributes should not be the only consideration when designing improvement plans. In fact, Deloitte needs to take actions to improve the attributes that are important to the clients but which have low satisfaction levels. The Importance-Satisfaction model is the best application model for this. By using the concept of the I-S Matrix, overall satisfaction with Deloitte can be maximized by emphasizing improvements in those areas where the level of satisfaction is relatively low and the perceived importance of the service is relatively high. Furthermore, the Importance-Satisfaction matrix is employed to display the perceived importance of major issues that were assessed in the interviews against satisfaction with Deloitte's performance in the area. The two axes on the matrix represent Satisfaction (vertical) and relative Importance (horizontal).

4 Proposals and contribution of suggested solutions

4.1 Deloitte loyalty program – ‘Future Eye’

The significant recommendation to invest in strengthening the client relationships is given to Deloitte based on the received client feedback. The clients have indicated that emotional bonds between them and Deloitte are of huge value to them. They advised Deloitte to focus on nurturing the client relationships and change its transactional approach. Despite the difficult business climate, they want to see that Deloitte really does care about them and not just try to get business. The significance of the Deloitte-client relationships needs to be better respond to. In particular, the clients stated:

“...be more relationship-focused...”

“...strive for establishing relationship management...”

“...don’t be pushy, aggressive and fee focused. I think if you are relationship focused, that will be fine...”

“Deloitte is less proactive than the others in the management of the relationships...”

“...the relationship I have with Deloitte is more important to me than the marketing message...”

“...if anything change approach and strengthen our relationship...”

“...it is always a good idea to keep track on these things...”

“There are masses of good things, but Deloitte cannot rest on its laurels...”

Figure 4.1: The sample of client statements (Author’s work)

The best way how to act upon such client feedback is to settle an action plan. Nurturing and fostering the relationships is on the top of the clients' priorities. Therefore, a creation of a loyalty program with a goal of activating the client relationships and enhancing their satisfaction and loyalty appears to be a brilliant idea. Such attempt would undeniably prove that Deloitte really does care about its clients. Furthermore, it would be a first sign that the company is changing its attitude from transaction-focused to relationship focused. Hence, a client loyalty program would show that Deloitte invests in tomorrow's strong client relationships and partnerships.

The future is a matter of choice, not chance, and Deloitte needs to learn from the future. More and more clients are preparing for the future, and therefore Deloitte must do so. The future undeniably belongs to those companies that are more relationship focused and can build emotional bonds between the company and its clients. For this reason, a creation of customer loyalty program is a necessity to enhance or maintain its strong position among Big Four, as tomorrow's business will certainly be more competitive. By taking the environment of tomorrow as Deloitte's starting point, the loyalty program needs to be planned in such a way to succeed in the new future landscape and come up with different ideas. The initial idea of the program is to look into the future and strongly focus on strengthening the relationships with Deloitte's strategically most significant clients. To actively think about how the relationships with its top clients are going to look like in the future and understanding them is of critical importance to the company.

"Deloitte Future Eye" is the name given to the loyalty program. A motive of the eye is chosen as a symbol that the firm's major aim is to look along with its clients into the ongoing future. The phrase: *"Investing in our clients is investing in our future"* represents the whole concept. If Deloitte takes the time to understand the future of its client relationships, it can make better decision today.



Figure 4.2: The concept of Deloitte “Future Eye” loyalty program (Author’s work)

4.1.1 Aim and purpose of the loyalty program



The major purpose of the loyalty program is to take up appropriate actions to foster positive attitudes and bonding, and make sure that the client relationships get one step ahead in a future changing world. In other words, the focus of the program is to enhance client retention and eliminate or minimize client defection. The loyalty program must be considered as an action program – “*to act upon their feedback*”. Doing the right thing today means that Deloitte can deliver lasting value for its clients through the program and sustain the firm’s position in the future.

Deloitte Future Eye should be created as a *limited loyalty program* that just not every customer can join. By applying some membership conditions, a number of criteria must be met like appropriate length of relationship (minimum 5 years) and certain purchase volume of Deloitte’s services per year (more than €100K) to join the program. The first condition regarding the length of client relationship is based on the fact that most of TOP 50 clients and other strategically important clients work with Deloitte in the interval from five to ten and more years. Second condition is in line with Deloitte revenue guide, which is demonstrated in the following Table 4.11. The purpose of the second criteria is to exclude from the program those clients, who generate less than €100K per year.

Table 4.1: Deloitte revenue guide (Author’s work)

Rank	Client	Length of relationship (years)	Deloitte revenue (€/per year)		
			>1K	>100K	>500K
1	Top 50 client	10-20			X
2	Strategically important client	5-10		X	
3	Locally important client	1-5	X		

The members will be chosen from Deloitte’s client database, and invited to the program by sending an invitation letters. The clients will join the program voluntarily. The purpose of limited membership in the program should make the clients feel delighted that they have an exceptional opportunity to join and be rewarded. In their eyes, membership in the program must be a sign of prestige and indication that Deloitte really do cares about its top clients. Some entry condition will make the program more attractive and motivate other clients to meet the criteria and be able to join it as well. The nature of the limited program makes the membership feel more valuable and allows Deloitte to focus only on target groups, which are primarily the most strategically important clients.

Aim

- To foster positive attitudes and bonding
- To enhance client satisfaction and retention
- To eliminate/minimize client defection

Purpose An action program – *“to act upon client feedback”*

Figure 4.3: Aim and purpose of Deloitte “Future Eye” program (Author’s work)

4.1.2 Target groups

The focus of the loyalty program is not price sensitive customers, who buy services merely because of its price. These customers will not continue to do so if they can find a better value for the money elsewhere. The major target is the most strategically important clients, who appreciate establishing of loyalty program based not on only financial incentives, but on long-term relationships, trusts, emotions and partnerships. Securing relationships with those clients is crucial for future Deloitte's success. The primary objective should be on developing the program that meets the needs of the top clients. However, other customers and potential customers should not be excluded. They will still benefit from the program, but their particular needs must be taken into consideration and targeted with specific concepts. One of the core pros of the program is that it can cover several target groups. It follows the expectation that after a certain period of time some clients will move from one group to another one.

In addition, it is of a particular interest to not only become aware of the amount of customers who signed up, but also the amount of clients who remains signed up. Based on retention-orientated thinking, Deloitte needs to measure the life-time of every client membership. To motivate clients to stay in the program, the scale of years should be created and each milestone should be rewarded by benefits.



Figure 4.4: Target groups of Deloitte “Future Eye” (Author’s work)

4.1.3 Contribution of the program

The primary intention for creating the loyalty program should be enhanced client satisfaction and retention, and more generally establish new communication opportunities between Deloitte and its clients and decrease defection rate. The contribution of the Deloitte “Future Eye” is summarized in the following table:

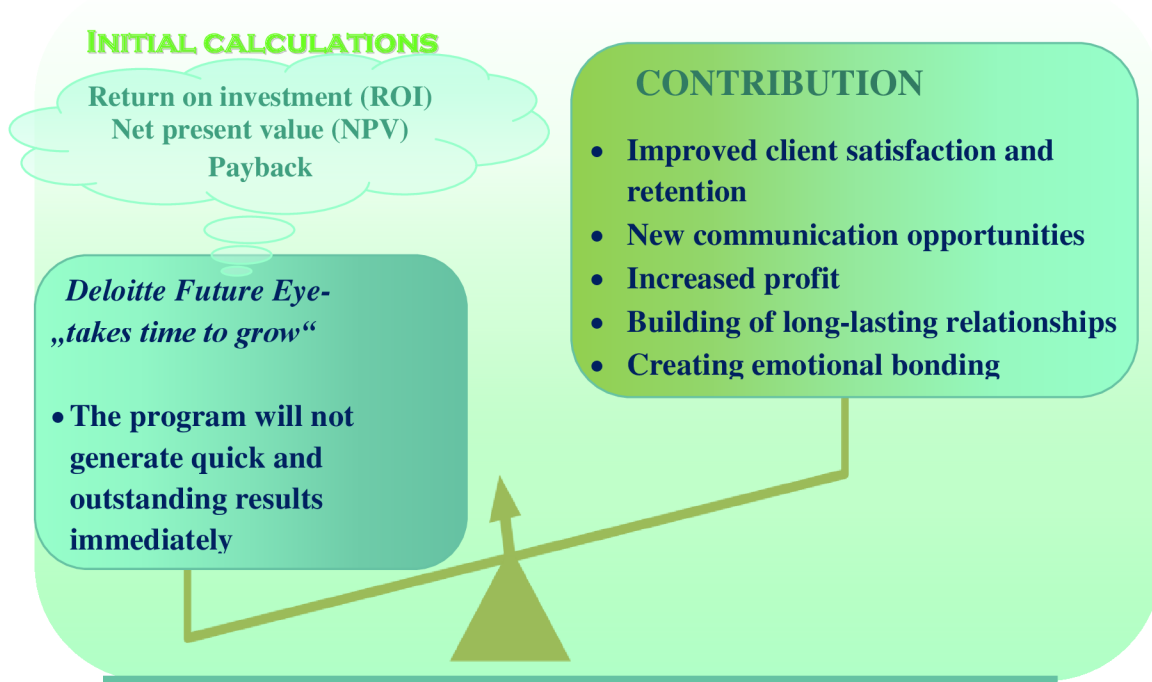


Figure 4.5: Contribution of Deloitte “Future Eye” (Author’s work)

It can be argued that simply an increase in customer satisfaction measures does not prove the value of the program. Therefore, some initial calculations must be made before committing resources to the loyalty program. First, it is rather then recommended to estimate what is the payback for Deloitte “Future Eye”. Second, a determination of what is the return on investment $ROI = \frac{\text{Net profit} - \text{Amount Invested}}{\text{Amount Invested}}$ is essential as well. The ROI calculations are generally more valuable. Nonetheless, there are another ways to calculate the return on investment. For instance, a customer life-time analysis is performed by calculating the net present value (NPV) of a client life-time stream of profits with and without the investment into the loyalty

program. The whole concept is based on the method of assumption, taking a number of hypothesis/postulates as true (e.g., defection rate, discount rate or projected revenue growth rate). Table 4.2 shows the lifetime value of the clients if Deloitte does not invest in the loyalty program, and does nothing for strengthening Deloitte-client relationships. The estimated lifetime value, in the first year, is only €89,979 rising to €348,331 in the fifth year. It is assumed that defection rate will increase about 2% per year. As the clients will not be motivated to spend more, their spending rate will remain at approximately same level. The results could be seen in the numbers on the chart.

Table 4.2: Deloitte client lifetime value without the investment into the program (Author's work)

	Estimated Lifetime value of members				
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of TOP 50 clients	50	50	50	50	50
Number of D300 clients	300	300	300	300	300
Defection rate of TOP 50 clients	8%	10%	10%	12%	12%
Defection rate of D300 clients	14%	16%	16%	18%	18%
Spending rate of TOP 50 (€)	€493,000	€493,000	€542,300	€542,300	€542,300
Spending rate of D300 (€)	€102,000	€102,000	€112,200	€112,200	€112,200
Total revenue of TOP50 and D300 clients	€55,250,000 (€24,650,000+ €30,600,000)	€55,250,000 (€24,650,000+ €30,600,000)	€60,775,000 (€24,650,000+ €30,600,000)	€60,775,000 (€24,650,000+ €30,600,000)	€60,775,000 (€24,650,000+ €30,600,000)
Variable Costs (%)	43%	45%	47%	47%	47%
Variable Costs (€)	€23,757,500	€24,862,500	€28,564,250	€28,564,250	€28,564,250
Gross Profit	€31,492,500	€30,387,500	€32,210,750	€32,210,750	€32,210,750
Discount Rate	1.00	1.15	1.32	1.52	1.75
Net Present Value Profit	€31,492,500	€26,423,913	€24,402,083	€21,191,283	€18,406,143
Cumulative NPV Profit	€31,492,500	€57,916,413	€82,318,496	€103,509,779	€121,915,922
Lifetime Value (LTV)	€89, 979	€165,475	€235,196	€295,742	€348,331

Table 4.3 presents the lifetime value of the 350 customers in the loyalty program. The loyalty program has a measurable effect on the clients enrolled in it. In the first place,

their defection rate will decrease, assuming a 2% decrease per year. Deloitte “Future Eye” program also affects the spending rate. It is estimated an increase of 10%-15% – a big jump over the spending of the clients, who are not enrolled in the program. The members spend more, as they feel a new special relationship with Deloitte. To accomplish this gain in spending and defection, Deloitte has to spend approximately €14,857 per member per year. It is estimated that the average lifetime value of the 350 clients in the loyalty program is only €91,000 in the first twelve months, rising to outstanding €395,560 in the fifth year. The results could be seen on the chart.

Table 4.3: Deloitte client lifetime value with the investment into the program (Author’s work)

	Estimated Lifetime value of members				
	Year 1	Year 2	Year 3	Year 4	Year 5
Number of TOP 50 clients	50	50	50	50	50
Number of D300 clients	300	300	300	300	300
Defection rate of TOP 50 clients	6%	4%	4%	2%	2%
Defection rate of D300 clients	12%	10%	10%	8%	8%
Spending rate of TOP 50 (€)	€580,000	€638,000	€701,800	€771,980	€849,178
Spending rate of D300 (€)	€120,000	€132,000	€124,457	€159,720	€175,692
Total revenue of TOP50 and D300 clients	€65,000,000 (€29,000,000+ €36,000,000)	€71,500,000 (€31,900,000+ €39,600,000)	€78,650,000 (€35,090,000+ €43,560,000)	€86,515,000 (€38,599,000+ €47,916,000)	€95,166,500 (€42,458,900+ €52,707,600)
Variable Costs (%)	43%	45%	47%	49%	51%
Variable Costs (€)	€27,950,000	€32,175,000	€36,965,500	€42,392,350	€53,734,915
Loyalty Program (€14,857/member)	€5,200,000	€5,200,000	€5,200,000	€5,200,000	€5,200,000
Total Costs	€33,150,000	€37,375,000	€42,165,500	€47,592,350	€53,734,915
Gross Profit	€31,850,000	€34,125,000	€36,484,500	€38,922,650	€41,431,585
Discount Rate	1.00	1.15	1.32	1.52	1.75
Net Present Value Profit	€31,850,000	€29,673,913	€27,639,772	€25,607,007	€23,675,191
Cumulative NPV Profit	€31,850,000	€61,523,913	€89,163,686	€114,770,693	€138,445,884
Lifetime Value (LTV)	€91,000	€175,783	€254,753	€327,916	€395,560

Table 4.4 shows a comparison of the lifetime value of the clients with/without the investment into loyalty program. In the first year, the difference of LTVs is very low, because Deloitte has to count on the extra €14,857 per member per year to spend on loyalty maintenance, exceeds the gains from increased satisfaction and spending. Looking at the payback for investment in the Deloitte “Future Eye” loyalty program, the return on investment in the first year is very small only 10%. However, in the second year, the ROI is much more satisfying. Increased customer satisfaction and loyalty might generate a 69% return on investment in the loyalty program, but in the following years, the ROI calculations are outstanding. The results could be seen in the numbers on the chart.

Table 4.4: Payback for investment in loyalty program (Author’s work)

	Payback for investment in loyalty program				
	Year 1	Year 2	Year 3	Year 4	Year 5
Lifetime value of clients without loyalty program	€89,979	€165,475	€235,196	€295,742	€348,331
Lifetime value of clients in Deloitte loyalty program	€91,000	€175,738	€254,753	€327,916	€395,560
Difference	€1,021	€10,308	€19,557	€32,174	€47,229
With 350 clients	€357,350	€3,607,800	€6,844,950	€11,260,900	€16,530,150
Annual loyalty program	€5,200,000	€5,200,000	€5,200,000	€5,200,000	€5,200,000
Return on investment	0.1	0.69	1.32	2.17	3.18

In addition, it is important to be aware that the loyalty program does not generate quick and outstanding results immediately, and should be more viewed as a tool for building long-lasting relationships.

4.1.4 Financing of the loyalty program

Deloitte does not need to spend a fortune to create a good and effective loyalty program, nonetheless, initial under-funding is a sign of failure. It is very common that loyalty programs are often underestimated. Therefore, Deloitte needs to avoid it by measuring the payback properly. It can be assumed that the cost of the program, and more generally

the costs of discounts, might be surpassed by the incremental profit from retained clients and the increased spending rate. There are a number of ways how to cover at least partially the cost of Deloitte “Future Eye”. The best option is to co-operate with external partners that must be carefully chosen on the basis of image and quality. Additionally, members may pay cover charges for special Deloitte ‘Future Eye’ events and activities or financing by advertisements may be employed as well. The proposal of estimated costs is summarized in Table 4.5.

Table 4.5: Estimated costs of Deloitte “Future Eye” per year (Author’s work)

Estimated costs of Deloitte “Future Eye” per year	
10% discount for TOP50 clients	€2,900,000
5% discount for D300 clients	€1,800,000
Labour cost of employees	€190,000
“Future Eye” activities events	€150,000
“Future Eye” database	€110,000
Outsourcing-services provided by third-party vendors	€27,000
Staff training	€8,000
Updating database, profiles on social networks	€5,000
“Future Eye” newsletters	€5,000
Deloitte “Future Eye” hotline	€5,000
Total costs	€5,200,000
Costs per member	€14,857

4.1.5 Benefits

Deloitte should aim to create a successful, powerful, value-orientated loyalty program that builds a strong emotional relationship with its clients and provide them with real benefits. The hard and soul of the program is going to be a value orientated combination of hard-*financial* and soft – *non-financial* benefits. Deloitte must primarily avoid of creating such loyalty program that offers only tangible financial benefits. In fact, providing fee cuts is

the last thing that would lead to loyalty among Deloitte's clients. The program is not going to be based on discounts or any other additional fee breaks to enhance customer satisfaction and create loyalty. It is evident that those clients who join for this purpose are not in the core of Deloitte's interest, because they will immediately switch to competitors if they offer higher discounts. The tangible benefits do not create retention and are not a barrier against customer defection. However, discounts are generally very well accepted among clients, and can considerably contribute to a greater value of the program. Therefore, the appropriate proportion of hard and soft benefits ensures the attractiveness of Deloitte Future Eye and the achievement of its aim.

Based on the strategic importance of the clients to Deloitte, it can be assumed that an annual discount for the members and a number of special offers should be introduced. In order to create a perception that Deloitte really cares about the top clients, an annual membership would guarantee a 10 percent discount on all service lines for 'Deloitte's top 50 clients' for one year. These clients are the most strategically significant clients and represents companies such as Dell, Coca-Cola, KBC, European Institutions, Aldi and many others. Based on the fact that customer satisfaction and loyalty cannot be bought, but must be earned, the best way of doing that to motive clients to let them earn the discount as a reward. Therefore, the clients have to annually increase their revenues about 10%. This condition is based on the fact that these organizations generate significant revenues to Deloitte and considerably contribute to Deloitte's profit, and thus must be rewarded. They need to feel that they are treaded specially from the rest of the clients and have special attention from Deloitte. In fact, their defection would mean a huge loss for Deloitte Belgium, and it is crucial to make them feel unique. The rest of the member would be guaranteed a 5 percent discount on all service lines for one year, following the same conditions.

Hard (financial) benefits

- **10 % discount on all service lines for ‘Deloitte’s top 50 clients’ for one year**
- **5 % discount on all service lines for the rest of the members for one year**

(Based on minimum 10% revenue increase)



Figure 4.6: Deloitte “Future Eye” financial benefits (Author’s work)

In the clients’ eyes, the program should not be definitely associated with fee cuts in terms of fee-related benefits such as special offers, discounts and rebates. This approach does not create the emotional bond between client and service. Financial incentives are a part of the program, but they are not enough on their own. Therefore, Deloitte needs to build its loyalty program on providing uniqueness and high-perceived value, which is essential for long-lasting loyalty.

What will make the program successful are soft benefits such as special offers, program activities, additional value-added services, customization of services to certain client needs and special treatments. Such benefits are unique and will considerably contribute to improved customer satisfaction and retention. Moreover, the fact that they are intangible creates barriers against easy copying them by Deloitte’s competitors. The Deloitte’s program must be built mainly on the soft benefits, as they represent competitive advantage for the company. Soft benefits are what give Deloitte Future Eye a winning edge, differentiating Deloitte significantly from other Big Four, providing the competitive advantage that attracts potential clients and sponsors.

The main perception is that most of the benefits will relate to the Deloitte’s core services and be directly associated with the firm’s aim – “*to become a standard of excellent*”.

Deloitte needs to bear in mind that quality of benefits and their perceived value is more important than quantity. The whole concept of the soft benefits should be divided into two categories.

The first category of benefits should consist of benefits that are available to all 'Future Eye' members. By using information gathered in customer database, Deloitte can profile the clients and identify their latent needs on the basis of similarities between their buying behaviour and those of other clients. Given this, each member will receive better individualized service offerings to accurately suit their needs. Furthermore, Future Eye loyalty program will arrange a number of events where the members can take opportunities to support such events and activities by becoming their sponsors. In order to create physical contact among the clients, an annual 'Future Eye' membership conference will be organized. All members will be invited and granted free entry. The aim of such conference is to make them feel part of a group of people with similar interests/issues, with Deloitte listening to them how its services can be improved. The event should facilitate emotional bonding among the clients, create new partnerships, and generate more word-of-mouth advertising, as the members get an opportunity to talk to each other.

The second category is going to stand out from all other benefits. It is called *Deloitte VIP Benefits - "Just imagine the exclusiveness and VIP feeling"*. They will be aimed only to TOP 50 members, giving them a variety of service related opportunities. For instance, every year elite Deloitte Future Eye golf tournament will be organized specially for the TOP 50 clients, including free entry. This event should represent a prestige occasion that aimed to strengthen the relationships and make the clients feel unique. Furthermore, special treatments regarding Deloitte services will be provided to them. Regular personal meetings for each client will be conducted in order to communicate with each other. A discussing agenda will focus on future potential development of the client business, better synchronization and combination of Deloitte services in more cost effective manner. The clients will be granted free retrospective looking at their projects, including indication where the value can still be generated. In addition, they will be given an opportunity, for instance, to choose whereas they prefer to employ in their projects Deloitte team

or specialist from other Deloitte disciplines. Deloitte Future Eye must offer its TOP members the little extra that they cannot get anywhere else, unique elements that provide the high value they are aspiring for.

Soft (non - financial) benefits for all members

- **Customization of all service offerings for each member**
- **Opportunity to become sponsors of Future Eye events and activities**
- **Invitation and free entry to *'Future Eye' annual membership conference***

VIP benefits for TOP 50 members

- **Free entry to 'Future Eye' elite annual golf tournament**
- **Free retrospective looking at the client projects and identification where value can still be generated**
- **Regular personal meetings regarding potential development of the client business and synchronization**
- **Possibility to choose between employment of Deloitte team or specialists from other Deloitte disciplines**

Figure 4.7: Deloitte "Future Eye" soft benefits (Author's work)

4.1.6 Relationship-focused Deloitte “Future Eye” customer database

One of the additional targets of the program is to create a “Future Eye” database that contains valuable and accurate data of the superior quality and quantity on the Deloitte’s Belgium clients. The database should gather information about history and length of Deloitte-client relationships, specific client projects including client issues, scope of work and project approaches, value delivered, names of project team members, client willingness to provide feedback, participation in Deloitte “Future Eye” events and activities.

The program is a supreme tool for collecting free data on customer, as the members feel greater affinity with the program, and thus are happier to share information about them. The clients must be encouraged to actively communicate with Deloitte on a regular basis, for instance, once a month, which will lead to more obtained data. Deloitte needs to demonstrate that it asks for the client time and opinions for a particular reason – *“to act upon their feedback”*. The process of gathering client feedback sets expectations that their input will be acted upon. Furthermore, what Deloitte does with the information gained will deliver a future message to them. Based on a way how Deloitte processed the information gathered, they will be or will be not pleased to participate in future data collection efforts.

The database should be used as a source of information for better individualized service offers, programme activities and supporting other departments within Deloitte. Additionally, the database could be used as a detector of those clients who cover part of their businesses with competitors.

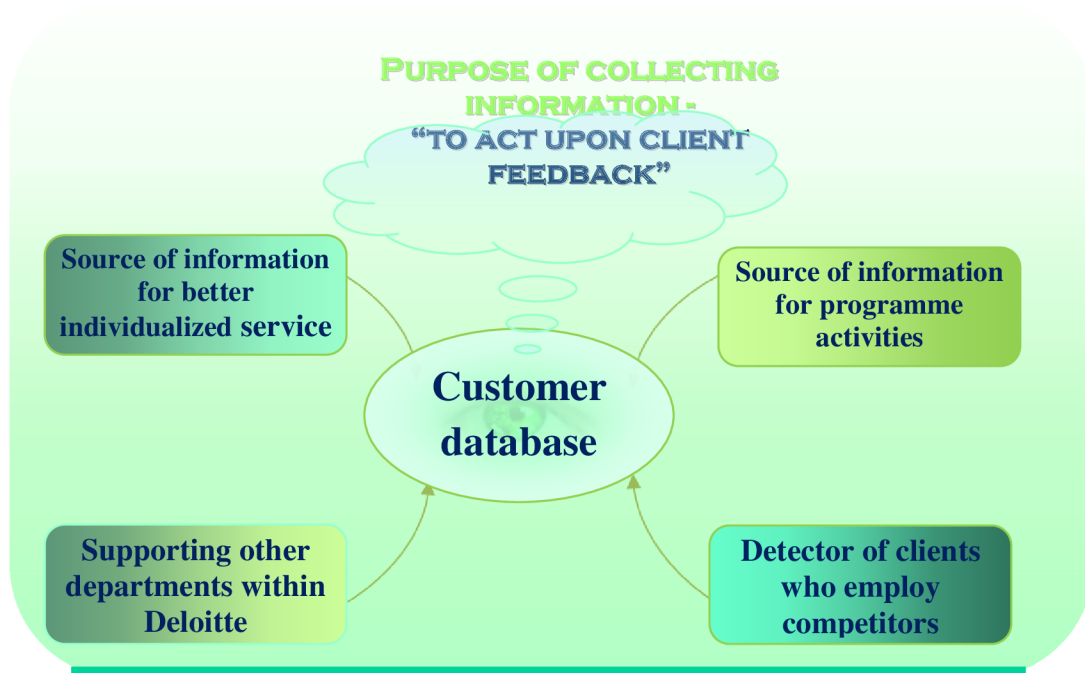


Figure 4.8: Contribution of Deloitte “Future Eye” database (Author’s work)

4.1.7 Loyalty program communication plan

The clients must be encouraged to actively communicate with Deloitte on a regular basis, for instance, monthly or quarterly. Since the clients still value face-to-face interaction, the communication with the clients will not be done through mass communication channels, but rather through employing personal direct approach such as regular catch ups, individual mailings, phone calls or hotline for client-initiated contact. The perception is that the loyalty program, and more generally its benefits and activities, will give the Deloitte’s clients something to talk about. The frequent contact between the clients and Deloitte via the loyalty program communication will contribute to the higher profile of services in the members’ eyes. This will undeniably lead to more word-of-mouth advertising and increase the number of times they recommend Deloitte’s services or refer to them when they talk to their business partners.

Social media are high on the agenda for all clients. This is why Deloitte Future Eye should be presented on Deloitte Belgium website, Twitter, Facebook and LinkedIn to help to break down traditional barriers and develop relationships. Hence, it is crucial not to underestimate a significance of internal communication. Providing information about loyalty program to obtain support of Deloitte’s employees is extremely vital, because in the end the employees are those who are most often in contact with the clients. Therefore, they need to be well trained to understand the core values of the program and get involved in the development of the concept.

Whether online or in person, the loyalty program communication plan should aspire to find out all the client needs and aspirations, and regularly contributes to an innovation plan of what needs to be improved to make the clients more satisfied. The feedback should allow Deloitte to maintain a dialogue with its clients and make sure that the loyalty program is aligned with their priorities.



Figure 4.9: “Future Eye” profiles on the communications platforms (Author’s work)

4.1.8 Time line of the Deloitte Future Eye project

It is anticipated that developing of the program for the company size as Deloitte Belgium from the moment of the first idea to its execution is going to take six to twelve months. The program should not be rushed, as its contribution to Deloitte is going to be enormous, and therefore the planning is done for one year and should be performed with attention to details and accuracy. The time line for the project is demonstrated in the following table, including the necessary tasks that need to be done within the life of the project. Month I. represents the very first beginning of the project and moth XII. demonstrates the end of the project. However, most of the activities such as selecting the potential members, updating the database, training staff and so forth will remain in place after the end of the project as well, and should be performed on a regular basis, as proposed in the table.

Legend to the table:






-  **monthly**
-  **quarterly**
-  **half -yearly**
-  **one-time**
-  **annually**

Table 4.6: Proposed time line of the project (Author’s work)

“Future Eye” project	Months from the beginning of the project											
	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.	X.	XI.	XII.
Create Future Eye customer database												
Updating the database												
Selecting potential members												
Inviting potential members to join												
Create Future Eye profiles on social networks												
Updating the profiles												
Checking contribution												
Create hotline for client-initiated feedback												
Regular catch ups with the TOP 50												
Individual mailings to the members												
Gathering the client feedback												
“Future Eye” Newsletters												
Annual membership conference and golf tournament												
Innovating “Future Eye”												
Training the staff												
Regular “Future Eye” events and activities												

4.1.9 Keeping a close eye on innovations

It is evident that each loyalty program has its own life-cycle. Given this, the program should follow a cautious approach and do not provide all value drivers at the starting phase. Interest in the program can diminish over a period of three or four years. In consulting world clients' patterns and expectations are changing rapidly. New clients and rapidly evolving new technologies already push towards radical step-change innovations. In order to keep the loyalty program active and extend the period of each membership, it is essential to have some of the significant benefits in reserve in order to constantly improve, further develop the program, and remain dynamic and attractive for its members.

Financial benefits can be considered as a good thing in long term. However, rather than giving the discounts away, it is crucial to let the clients earn them. In long term, an annual 10 percent discount should be gradually increased for those clients, who generate higher revenue to Deloitte than the year before. The increase does not need to be significantly high it can be from 1 to 2 percent more. Nonetheless, such an individual attention to the clients will make them feel unique and special to Deloitte. Innovations will keep the program going and motivate the clients to employ Deloitte for their other business. Moreover, Deloitte needs to reward the time that the members spend in the "Future Eye".

4.2 Deloitte exit interview to identify areas of dissatisfaction

Lost customer analysis is the most vital tool of collecting information to enhance the quality of Deloitte services. In reality, Deloitte remains largely uninformed about the reasons for the client loss. In the process of obtaining client feedback, Deloitte does not track client loss and fails to employ an exit interview to identify the area of client dissatisfaction. This gap in the whole process represents an area for a future potential development. It is absolutely crucial not to focus only on identifying the level of customer satisfaction, but also concentrate on the level of customer dissatisfaction.

Deloitte does not include its lost clients in its satisfaction measurement, which is a considerably weak spot. At Deloitte side, there is no understanding of why the clients left, and reasonably small effort to keep them or win them back. The reasons of “*why clients have decided to leave Deloitte*” are valuable sources of information about its service failures. The firm does not take a full advantage of such information and loses an opportunity to learn for the future from the lost clients. The past clients are familiar with Deloitte and its services, and are very much able to identify the issues that drove them away. An exit interview is an essential tool to recognize and resolve the issues when they are still relatively small. Deloitte can gain significant insights of how to avoid similar issues in the future. To discover the lost client perceptions can be Deloitte benefit and contribution to its competitive advantage. Hence, the comments the lost clients put forth are usually candid, as the past client have nothing to lose. Based on research conducted by Marketing Metrics, past clients are relatively willing to take part in exit interviews.

50% of clients will participate in exit interviews

30% will tell what to do to win them back

Figure 4.10: The results of research done by Marketing Metrics (Griffin and Lowenstein, 2001)

Within the process of obtaining the client feedback, as analyzed in the chapter 3, a couple of clients have given Deloitte a warning that their relationships have weakened over the period of time. One client went as far as to say that he is about to take his business and employ another competitive firm. They all assumed that often it is not one confrontation or issue that causes them to leave, but rather it is a number of little things that build up over time. Given this, the immediate action from Deloitte is crucial in order to identify areas of client dissatisfaction, before they turn into client defection. Large organization like Deloitte Belgium, operating in extremely competitive market, needs to integrate the process of exit interview into its standard course of action and act upon client feedback.

The clients who have defected must be interviewed to discover the reasons for leaving. The most appropriate technique to carry out the whole process of exit interviews is to apply in-person interviews, since body language and manner can indicate many hidden issues and patterns. However, most of Deloitte clients are very internationally based or distanced, and therefore conducting phone interviews is essential. It is more than preferable that the process of exit interviews should be carried out by independent reviewers, who are entirely independent of Deloitte client service teams. This allows providing a more valuable feedback of how the whole engagement with the client was functioning. Exit interview requires being prepared on unexpected, including careful listening and reading between the lines, as many clients are not likely to tell real causes for defection. Before conducting each exit interview, a profile of the lost client must be created. A number of steps that should be taken are summarized in the following figure 4.11.

1. Assess the client history within Deloitte and the teams (including leading partner) who were working with the client.
2. Review the client projects, files, emails, letters and reports to likely identify reasons for leaving.
3. Track the patterns of the client buying decisions and link this with any changes in Deloitte business practices.

Figure 4.11: Preparation for the exit interview (Author's work)

4.2.1 Proposal of Deloitte exit interview

The main purpose of the exit interview is to allow the assessment of specific information about client perceptions and causes of why they decided to leave or defect to competitors. To meet these initial criteria, open-ended questions are chosen to allow clients to answer in any way they prefer. The whole exit interview consists of nine open-ended questions, which are short, concise, well formulated and facilitate unbiased responds. Within the interview it is crucial to open discussion and let a client speak. Suggestions for improvement include comments on Deloitte performance, quality of service attributes, fielded team and forth so are of particular interest. The proposal of Deloitte exit interview is demonstrated below in the Table 4.7.

Table 4.7: The proposal of Deloitte exit interview (Author’s work)

Question	CLIENT EXIT INTERVIEW
1.	For what purpose(s)/needs did you decide to employ Deloitte?
2.	Did Deloitte services allow you to meet those purpose(s)/needs?
3.	In what other ways could Deloitte have better met those purpose(s)/needs?
4.	Why are you choosing to leave Deloitte and what are the specific reasons for leaving?
5.	Did you inform anyone from Deloitte about the issues/disputes before you decided to leave?
6.	Have the issues/disputes been resolved in a timely manner?
7.	What should Deloitte do to further enhance its service quality?
8.	What procedures/processes/systems would you change in Deloitte?
9.	What would need to be improved /changed to win you back?

4.3 Deloitte competitors' client interviews

In an increasingly competitive economic landscape, looking at Deloitte's competitors is undeniably an idle attempt of how to enhance its services and get a better grip on a future. The Deloitte clients, who employ also other competitive firms, are extremely valuable source of benchmark data. Using the opinions and views of the clients that Deloitte share with its competitors is a great opportunity to see how they assess quality of Deloitte services over its competitors. In fact, these Deloitte clients are familiar with Deloitte and its rivals, and thus are very much able to determine the Deloitte performance on service attributes in comparison to its competitors. Hence, asking Deloitte clients, why they decided to field other competitive firms on their projects also provide significant information about expected levels of quality.

Within the process of obtaining the client feedback for the satisfaction measurement, it was observed that many Deloitte clients employ Deloitte's competitors in different areas of their businesses. The most cited rivals were E&Y, KPMG, PwC, Accenture, and McKinsey. Based on the client statements, these rivals are making a strong impression and thus are the biggest competitors of Deloitte. The firms are taking full advantage of the opportunities to gain a foothold at the clients. In the clients' eyes, they are "extremely keen", field "fantastic strong teams" of niche experts, deliver on time, and offer vastly reduced fees. They show initiative in delivering a "huge value for money price" by involving, and billing, many clients within the industry. These companies represent the challenges for the Deloitte's future. Therefore, Deloitte needs to keep a close eye on these clients, as they can significantly contribute to its competitive advantage.

At the present Deloitte does not include competitors' clients in its client service assessments, which is a considerably weak spot. The company is losing the opportunity to obtain valuable client feedback from its internal sources, which are the Deloitte clients who share their businesses with Deloitte's rivals. The reason for proposing Deloitte to embody competitors' clients in its assessments is that the clients are generally willing to share their experience with Deloitte and to perceive the quality and level of its services

in comparison with its main rivals at the marketplace. As they indicated in their feedback, they are very much able to provide a professional comparison, and advice Deloitte what needs to be better respond to. For instance, a sample from the previous analysis is shown to demonstrate the quality and accuracy of the client judgements:

“Deloitte is less proactive than the others in the management of the relationship.”

“I have deeper and more sustainably challenging relationships with some of the other firms like Accenture, KPMG and E&Y in finance. ”

“...KPMG and E&Y have a more transparent and mature approach to the relationships...”

“...PWC, E&Y and KPMG all contact me regularly about thought leadership pieces.”

“On finer details, Deloitte sometimes suffers by comparison...”

“...we employ Deloitte only where there is a clear advantage...”

“Accenture and KPMG have done more thinking work and agenda setting...”

“E&Y does much better than Deloitte at challenging briefs in the interest of the greater organisation.”

“Deloitte should hold client more accountable...Accenture does this much better...”

“Deloitte’s people are not just brains and legs, like it is at McKinsey, or large numbers of people just out of business school.”

Figure 4.12: The sample of Deloitte comparison to its main competitors (Author’s work)

The whole process of obtaining the feedback from competitors' clients should consist of four steps. The first step is associated with profiling and detecting of those clients who cover part of their businesses with competitors. In long-term this could be done very easily by using Deloitte "Future Eye" customer database. The second step is obtaining the competitors' client feedback. The best technique to carry out the whole process is to apply in-person interviews, which are conducted by reviewers, who are entirely independent of Deloitte client service teams. Third step is sharing the results of the interviews with Deloitte Belgium management, and with the most significant stakeholders – clients. The final fourth step is acting upon the client feedback, including setting up an action plan.

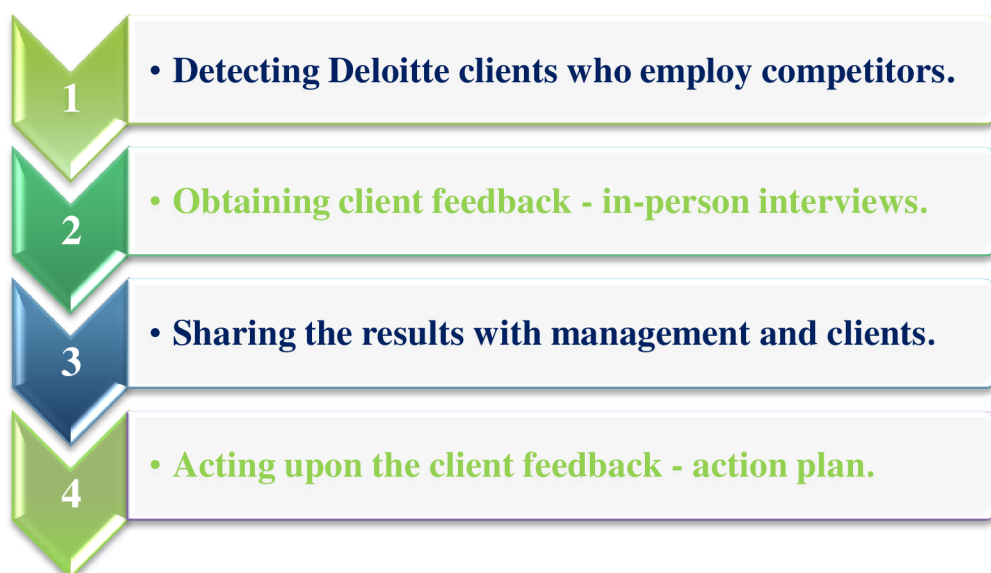


Figure 4.13: Four steps of the whole interview process (Author's work)

4.3.1 Proposal of Deloitte competitors' client interview

The main purpose of the interview is to allow the assessment of specific information about competitors' client perceptions and causes of why they decided to employ other competitive firms over Deloitte in different areas of their businesses. To meet these initial criteria, a combination of close-ended and open-ended questions is applied. Close-ended questions entail competitors' clients to choose from a limited number of answers. Open-ended questions allow clients to answer in any way they prefer. The whole competitors' client interview consists of twelve questions, which are short, well formulated, easy to interpret and facilitate unbiased responds. Within the interview it is crucial to open discussion and let a client speak. The comparison and suggestions for improvement, including comments on Deloitte performance, quality of service attributes, strengths and weaknesses are of particular interest. The proposal of Deloitte exit interview is demonstrated below in the Table 4.8.

Table 4.8: The proposal of Deloitte competitors' client interview (Author's work)

Question	INTERVIEW OF COMPETITORS' CLIENTS
1.	What competitor(s) do you employ in your business?
2.	For what purpose(s)/needs did you decide to employ competitor(s)?
3.	What are the main three criteria/reasons why you choose to employ competitor(s) over Deloitte?
4.	How do you select advisers for projects – is Deloitte on the radar?
5.	Is any adviser seen as a particularly strong partner to your business – why?
6.	In which areas is Deloitte seen as particularly strong – and where are its competitors highly regarded?
7.	How do you perceive the overall importance of Deloitte's role at your company compare to the competitor(s)?
8.	How would you rate the value received from Deloitte over the competitor(s) you work with? (1= excellent, 2=good, 3= fair, 4=poor)
9.	How would you assess level of our performance compare to the competitor(s)? (Higher / Equivalent / Lower)
10.	Is there anything Deloitte could learn from how other advisers or consultants work with you?
11.	What specific actions can Deloitte take to improve its level of services over the competitor(s)?
12.	What is your "1" advice for Deloitte to beat the competitor(s)?

CONCLUSIONS

The purpose of the diploma thesis was to examine which methods Deloitte applies to measure its customer satisfaction, and subsequently investigate what is a current level of customer satisfaction with the firm's services. The whole study is the outcome of the research conducted at Deloitte Belgium. It provides unique insights into underlying philosophy of Deloitte customer satisfaction measurement, and more generally the research makes a step towards better understanding of how the Deloitte's clients view the organization and how satisfied they actually are with the services provided.

Based on a comparison of the theoretical knowledge with the practical skills gained at Deloitte Belgium, the two major objectives were examined within this study. By using reliable Deloitte internal sources of information, combined with many insightful conversations with a director of the Deloitte client service team, the analysis of customer satisfaction measurement methods was performed. For the purpose of investigating the current level of customer satisfaction with the Deloitte's services, the primary data was collected by employing the method of face-to-face interviews. Within the whole process of gathering customer satisfaction data a customer satisfaction questionnaire was used in order to guide briefing discussions with the most strategically important clients.

By applying insights from previous literature and obtained practical skills, the high-quality customer satisfaction questionnaire was developed. It contained set of quantitative questions, followed by a combination of close-ended and open-ended questions. The quantitative questions were aimed to assess the level and quality of Deloitte services attributes in terms of the client satisfaction and importance. The set of open-ended and close-ended questions intended to investigate the role of Deloitte in the client businesses, the marketplace, how Deloitte can enhance the quality of its services to better respond to its clients' requirements and so forth. Especially, obtaining the clients' feedback on how well the organization meets the client's needs and perceptions was of a particular interest within the interview process.

The summary indices – *central tendency* and *measures of variability* were used to summarize large data set from the quantitative questions. As a supportive method the Importance-Satisfaction model was applied to determine which Deloitte’s service quality attributes must be improved to raise the client satisfaction. A number of interesting findings have been revealed. The results from the quantitative questions have shown that the clients are satisfied, as the average marks were placed in the interval between ‘very satisfied’ and ‘satisfied’. Nonetheless, a number of areas were cited for improvement. Deloitte should strive for acting as a trusted advisor, because this is a sign of confidence in which the clients hold Deloitte and this expectation and its attendant risks and opportunities need to be better respond to. Hence, Deloitte seems to be too distance from the clients and sometimes it appears that it acts more in isolation. The clients would appreciate a more personal insight, which is a huge value to them. Furthermore, the results provide support for the emerging view that Deloitte still tends to use the core teams for most projects, rather than involving specialists. The clients do not believe that the fielded core teams could be absolutely best in all areas of their businesses. Therefore, Deloitte must demonstrate an equally enticing array of leading-edge specialists going forward, rather than employing over-burdened core team.

The I-S matrix has provided support for the above findings and displayed the perceived importance of major issues that were assessed in the interviews against satisfaction with Deloitte’s performance in each area of interest. In terms of delivering superior quality, it was identified that Deloitte is more likely to meet client expectations, as the average is placed in the area-*excellent*. It is rather than recommended to Deloitte to maintain, and more generally increase the emphasis on items in this area. The results suggest that Deloitte needs to undeniably decrease emphasis on items in the area-*surplus*, which do not significantly affect the overall level of satisfaction. The committed resources from area-*surplus* should be used on the service attributes regarding fielding of right team and adding value for the money, which belong to the quadrant-*to be improved* where Deloitte does not perform as well as the clients expect the firm to perform. In order to maximize overall satisfaction, Deloitte must largely emphasize improvements in the area-*to be improved*

where the level of satisfaction is relatively low and the perceived importance of the service attributes is relatively high.

The last set of the open-ended and close-ended questions have shown several interesting findings. Most clients perceive the overall importance of Deloitte's role at their companies as extremely high. They view Deloitte's involvement as key and ongoing and feel that its role in their businesses is of huge value to them. Deloitte is praised for the breadth and depth of its capabilities, its ability to transform strategy into action, its focus on delivery and the value in which it demonstrably holds the account. More than half of interviewed clients would serve as a reference for Deloitte's professional services and expect to do a lot of work with Deloitte in the future. Nonetheless, Deloitte appears to a little bit suffer when it comes to comparison with its main competitors. There is almost a common consensus about softening Deloitte's transactional style and being more relationship – focused. In the clients' eyes Deloitte needs to strengthen the relationships with them, consolidating mutual trust and loyalty. The firm should hold its clients more accountable and think more holistically. The point of highlighting is that the clients do not often recognize Deloitte among the “Big Four” and cluster them altogether in responses, suggesting that there is not yet a clear demarcation perceived among these firms' market offerings.

There is no higher achievement than satisfying the clients Deloitte has committed itself to providing services. Therefore, three proposals are given to facilitate the enhancement of customer satisfaction measurement methods and increase the current level of customer satisfaction. A major strength of the proposals is that they can be implemented simultaneously to achieve the greatest effects on customer satisfaction. The first recommendation is associated with the concept of Deloitte 'Future Eye' loyalty program. The clients have indicated that emotional bonds between them and Deloitte are of huge value to them, therefore the purpose of such loyalty program is to invest in strengthening the Deloitte-client relationships via providing a right value orientated combination of hard-*financial* and soft – *non-financial* benefits. The other two proposals are aimed to fill

in the gaps in the Deloitte customer satisfaction measurement process. It was identified that the firm does not include its past clients in the customer satisfaction measurement and remains largely uninformed about the reasons for the client loss. Deloitte does not take a full advantage of gathering valuable sources of information about its service failures, and therefore the proposal of the exit interview is put forward. Hence, it was investigated that Deloitte is losing the opportunity to obtain valuable client feedback from its internal sources, which are the Deloitte clients who share their businesses with Deloitte's rivals. The last recommendation of Deloitte competitors' client interview is thus given to enhance its services and get a better grip on a future.

In addition, I hope that my research will significantly contribute to better understanding of how the clients are satisfied with Deloitte's services and provides unique insights into the clients' perceptions on which future investigations can be based.

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APPENDIX 1: Overview of Deloitte Touche Tohmatsu Limited

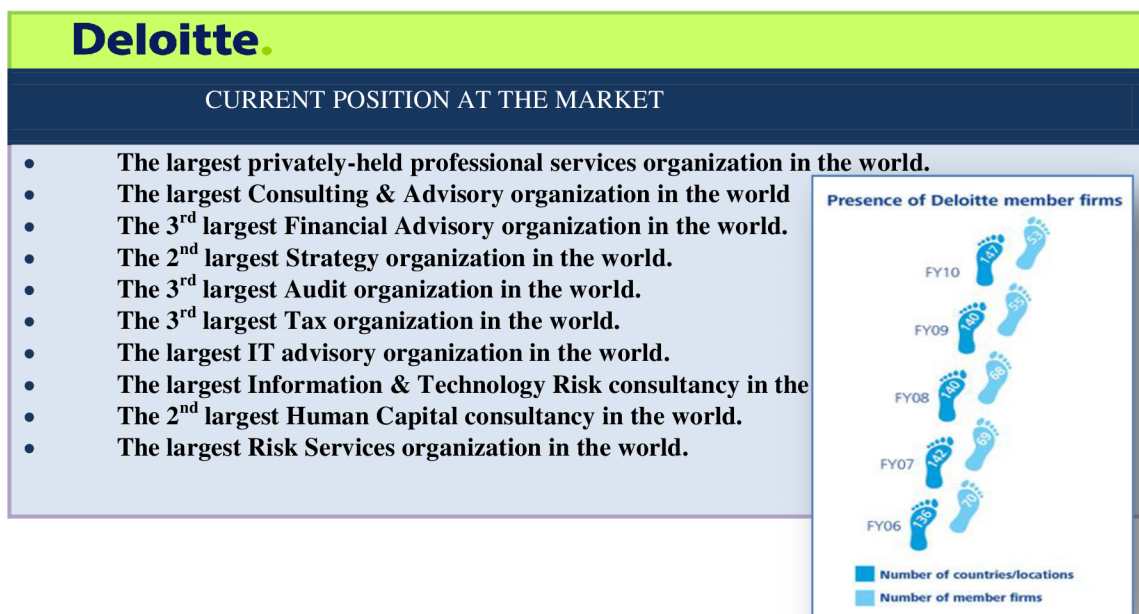
1. Basic facts

*“We aspire to be the **Standard of Excellence**, the first choice of the most sought-after clients and talent”*

– Deloitte Touche Tohmatsu Limited

Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, is the world's leading professional services firm. This global organization operates through 53 independent companies around the world, including US-based Deloitte LLP and its accounting arm, Deloitte & Touche LLP. Each independent member firm works in a specific geographic area delivering world-class audit, accounting, tax, consulting and financial advisory services. Dedicated to keeping up standards of excellence, Deloitte is one of the remaining “Big Four” auditor firms, along with Ernst & Young, KPMG, and PricewaterhouseCoopers. Its current position at the world’s market is summarized in the following table:

Table 1.1: Deloitte’s current position at the world’s market (Deloitte internal sources)



2. History of Deloitte

Over the last decade, Deloitte has become the main professional services firm and one of the world's biggest advisory companies. Looking back into the history, Deloitte has been a phenomenal success story. It has been more than 150 years since William Welch Deloitte established his own accountancy on Basinghall Street in London, and thus made the first major step that significantly contributed to developing the company Deloitte as is known at the present. The overall history of Deloitte is summarized in the following table:

Table 1.2: Overall history of Deloitte (Deloitte internal sources)

19th Century	
1845	William Welch Deloitte opens his own accountancy office opposite the Bankruptcy Court on Basinghall Street, London.
1849	W.W. Deloitte becomes the first independent auditor ever. He develops the system for keeping railway accounts, subsequently adopted as the industry standard, and a system of account-keeping for hotels.
1857	Deloitte accepts his first partner, Thomas Greenwood, who contributed £800 in capital. The firm becomes known as <i>Deloitte & Greenwood</i> .
1869	Admission to the partnership of John George Griffiths. For this entire period, the firm is known as <i>Deloitte, Dever, Griffiths & Co.</i>
1880	Royal Charter issued incorporating the Institute of Chartered Accountants in England and Wales, with W.W. Deloitte, Henry Dever, and John Griffiths among the founding members.
1880	First overseas Deloitte office opens in New York, and subsequently in Cincinnati (1905), Chicago and Montreal (1912), Boston (1930), and Los Angeles (1945).
1897	Retirement of William Welch Deloitte.
1898	George Touche establishes his own firm in London.

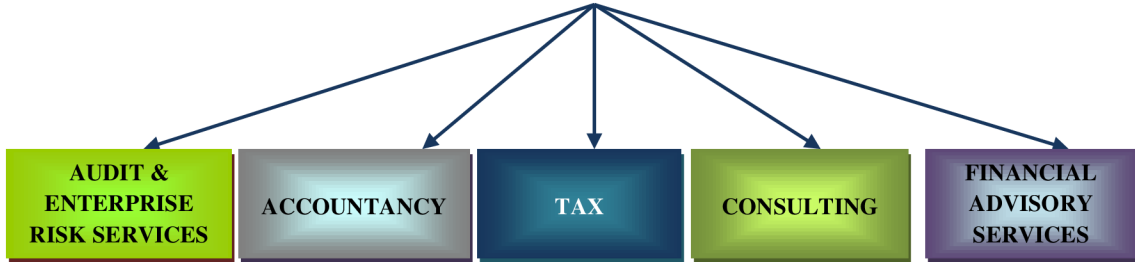
Table 1.3: History of Deloitte (Deloitte internal sources)

20th Century	
1900	George Touche and John Ballantine Niven form <i>Touche, Niven & Co.</i> in New York.
1911	Firm of George A. Touche & Co. is established in Canada
1925	Two of our U.K. and U.S. predecessor practices form a co-partnership under the name <i>Deloitte, Plender, Haskins & Sells.</i>
1947	George Bailey & Co. is formed. Merges with Allen R. Smart & Co. and Touche, Niven & Co. to become <i>Touche, Niven, Bailey & Smart.</i>
1952	Agreement reached to merge the businesses of Deloitte, Plender, Griffiths & Company and Haskins & Sells in the U.S., under the name <i>Deloitte Haskins & Sells.</i>
1960	Touche, Niven, Bailey & Smart merges with George Touche & Co. (Britain) and Ross, Touche & Co. (Canada) to form <i>Touche, Ross, Bailey & Smart.</i>
1972	Touche Ross Chairman Robert Trueblood chairs a committee that leads to the establishment of the Financial Accounting Standards Board — the FASB.
1990	Merger that creates Deloitte & Touche.
1993	International firm is named Deloitte Touche Tohmatsu Limited.
1996	Deloitte & Touche Eastern Europe divided into two organizations — <i>Deloitte & Touche Central Europe</i> and <i>Deloitte & Touche CIS.</i>
1997	Deloitte & Touche Central America is established.
2000	Deloitte Touche Tohmatsu Limited became a founding member of the United Nations Global Compact, which seeks to promote responsible global citizenship.

3. Business overview

Today the notion “Deloitte” is considered as the brand under which thousands of independent firms collaborate all over the world. Member firms are separate and distinct legal entities that offer services in particular countries and are subject to the national and regional laws and professional regulations. Deloitte Touche Tohmatsu coordinates its member firms but does not provide services to clients. Through its industry-focused approach, the company provides tailor-made business solutions in many sectors, which are summarized in the following figure.

Deloitte.



Deloitte SERVICES OFFERED			
AUDIT	TAX	CONSULTING	FINANCIAL ADVISORY SERVICES
<ul style="list-style-type: none"> • Auditing Services • Global Offering Services • International Financial Reporting Conversion Services • Enterprise Risk Services (ERS) <ul style="list-style-type: none"> ○ Capital Markets ○ Control Assurance ○ Environment & Sustainability ○ Internal Audit ○ Regulatory Consulting ○ Security Services 	<ul style="list-style-type: none"> • Comprehensive Tax Solutions • Corporate Tax • European Union • Indirect Tax • International Assignment Services • International Tax • Mergers & Acquisitions • Research and Development Credits • Tax Technology Solutions • Transfer Pricing 	<ul style="list-style-type: none"> • Enterprise Applications • Human Capital • Outsourcing • Strategy & Operations • Technology Integration 	<ul style="list-style-type: none"> • Corporate Finance • Forensic & Dispute Services • Reorganization Services • Valuation Services • Global Transaction Services

Deloitte INDUSTRY FOCUS			
<ul style="list-style-type: none"> • Aviation & Transport Services <ul style="list-style-type: none"> – Aviation – Rail – Road – Water • Consumer Business <ul style="list-style-type: none"> – Consumer Products – Consumer Services – Retail, Wholesale & Distribution – Tourism, Hospitality & Leisure 	<ul style="list-style-type: none"> • Energy & Resources <ul style="list-style-type: none"> – Electric Power – Mining – Oil & Gas – Power • GFSI <ul style="list-style-type: none"> – Banking & Finance – Insurance – Investment Management – Securities 	<ul style="list-style-type: none"> • Life Sciences & Health Care <ul style="list-style-type: none"> – Health Care – Life Sciences • Manufacturing <ul style="list-style-type: none"> – Aerospace & Defence – Automotive – Industrial Products – Process 	<ul style="list-style-type: none"> • Public Sector <ul style="list-style-type: none"> – National Government – Regional Government – Local Government – Not-for-Profit • Technology, Media & Telecommunications <ul style="list-style-type: none"> – Technology – Media – Telecommunications

Figure 1.1: Deloitte Services (Deloitte internal sources)

4. Countries covered by Deloitte

Deloitte operates in more than 150 countries and serves approximately 80 percent of the world's largest companies, as well as large national enterprises, public institutions, SMEs, and successful fast-growing companies across multiple industries. The countries in scope, which Deloitte covers, are demonstrated in the following figure. The major clients are, for instance, Boeing, Fiat, Ford, General Electric, Johnson & Johnson, ING, Microsoft, Mitsubishi, Nestlé, Procter & Gamble, Royal Dutch Shell, Toyota, Vodafone Group, etc.



Figure 1.2: Countries in scope covered by Deloitte (Deloitte internal sources)

5. Financial highlights

Deloitte performs strongly within the context of the current economic environment. In the 2010 fiscal year, Deloitte generated aggregate member firm revenues of US\$26.6 billion and thus achieved growth of 1.8 percent. The financial crisis has significantly reshaped Deloitte's economic, regulatory, and business landscapes.

As a result, in the 2010 fiscal year audit revenue declined by 1 percent, consulting revenue grew by 15 percent, financial advisory revenue declined by 2 percent and tax revenue declined by 5 percent.

Table 1.4: Deloitte by the numbers (Deloitte internal sources)

	2010	2009	2008	2007	2006
Revenues (US\$ in billions)	\$26.6	\$26.1	\$27.4	\$23.1	\$20.1
People	170,000	169,000	165,000	150,000	135,000
Countries	150+	140	140	142	136

6. Deloitte’s vision and values

Deloitte’s vision, value and strategy is based on international collaboration with member firm partners all over the world that emphasizes the togetherness of working as one across geographic, functional, and business borders to devote to excellence in providing professional services and advices. Deloitte’s vision is to become the standard of excellence, the first choice of the most sought-after clients and talent. Its shared values remain unchanged over the time and represent the core principles that distinguish the firm culture from its competitors. The core values are as follows:

Vision	To be the Standard of Excellence The first choice of the most sought-after clients and talent
Values	Integrity Outstanding value to markets and clients Commitment to each other Strength from cultural diversity

Figure 1.3: Vision and values of Deloitte (Deloitte internal sources)

APPENDIX 2: Overview of Deloitte Belgium

1. Basic facts

“Becoming radically client-centric can also be called being obsessed by client service”

Rik Vanpeteghem, CEO Deloitte Belgium

The Belgian firm is a member of the international group Deloitte Touche Tohmatsu Limited. A leading audit and consulting practice in Belgium, Deloitte provides value added services in audit, accounting, tax, consulting and financial advisory services to suit its clients' individual needs. In the Belgian market, Deloitte ranks first in each of its competencies. The origins of Deloitte Belgium are rooted in the 1950s when professional business services in Belgium were starting to evolve. By creating various partnerships, Deloitte Belgium as is known today was established in 2003. Over the last ten years, the company has become a market leader in the Belgian marketplace. Through a regional network of 12 offices with more than 2,200 employees, the firm serves national and international companies, from small and middle-sized enterprises, to public sector and non-profit organizations, focusing on delivering solutions adapted to regional needs.



2. European Compliance Centre (ECC) in Belgium

In 1998, Deloitte established the Belgian ECC as a result of working with many large international companies to find and implement the compliance solution that is the best fit for their needs. Moving towards centralization of accounting functions through shared service centres, and seeking best practices in VAT compliance, the ECC has developed a thorough know-how of European tax compliance along with the skills required to make the companies' systems compliant to local VAT accounting legislation.

The Brussels ECC has become one of the foremost outsource and co source providers not only in VAT and IPT compliance but also in statutory reporting and corporate tax filing. The ECC currently covers VAT and Intrastat in all 27 EU jurisdictions, as well as in South Africa, Iceland, Israel, Norway and Switzerland. Asia-Pacific is currently covered via an AsiaPac indirect tax compliance centre in Singapore. Additionally, Deloitte is also able to assist with local sales tax compliance in the US.

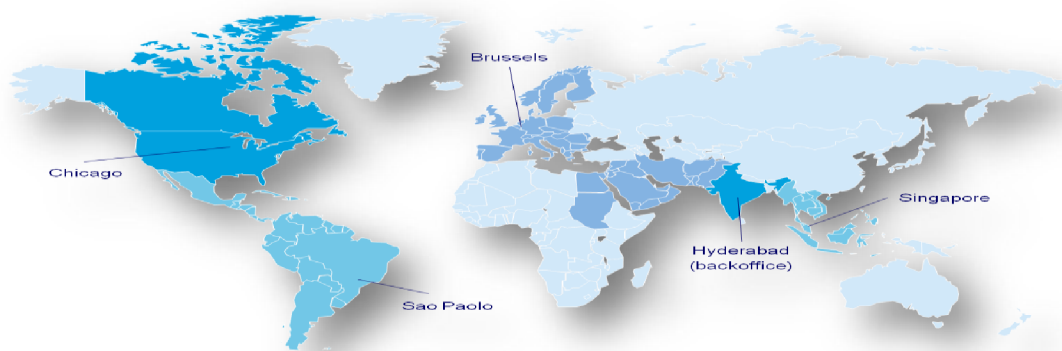


Figure 2.1: Worldwide coverage of ECC (Deloitte internal sources)

3. Compliance offerings – Services catalogue

The full range of services offered by the ECC can be split into the following categories.

➤ *Pan-European VAT and Intrastat compliance outsourcing*

The ECC takes on multiple VAT registration outsourcing assignments, whereby it assures timely submission of returns. Alternatively it can act as a central point of contact and first line quality reviewer and coordinator of the Deloitte network.

➤ *VAT 8th/13th Directive recovery outsourcing*

Through a single point of contact the ECC manages the VAT recovery process on behalf of clients in any number of the 27 European member states. The ECC's approach combines optimum VAT recovery with compliance assurance to ensure that the client's business is properly positioned.

➤ *ERP implementation and ERP streamlining*

The ECC's integrated approach will help ensure that the critical VAT and intrastat components are built into the implementation methodologies for new ERP set ups in applications such as SAP, Oracle, and JD Edwards. The same approach is taken in assisting businesses in the implementation of bolt on tax engines such as Sabrix, Vertex and Peoplesoft.

4. Coverage

To ensure that an up to date knowledge base is maintained, the ECC has grouped its staff into competency teams. There is a team for each of the key specialisations (VAT & IPT Compliance, ERP, Tools & Knowledge). Furthermore, the compliance team is divided by region (North, East, South and West), with responsibility to keep close contact with its dedicated compliance contacts in each country and thereby maintain a full understanding of the local legislation. Currently the ECC manages more than 2,000 VAT registrations and a similar number of Intrastat filings for its clients.

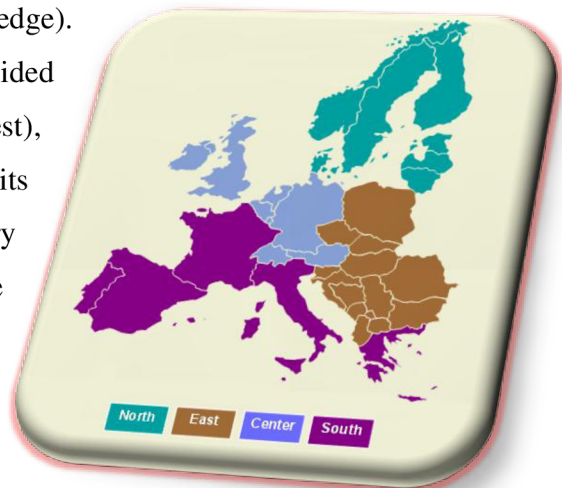


Figure 2.2: ECC European Coverage
(Deloitte internal sources)

5. Financial highlights

The financial performance of Deloitte Belgium as the country's leading tax practice continues to grow. By the end of the financial year 2010, the turnover reached 295 million Euros. Deloitte Belgium is structured in five competencies – audit, accountancy, tax, financial advisory and consulting, and growth was achieved in all areas of the business except financial advisory.

Table 2.1: Overview of financial results (Deloitte internal sources)

	FY 06	FY 07	FY 08	FY 09	FY 10
Accounting	54	57	64	63	59
AERS	77	78	85	90	83
Consulting	41	45	56	61	56
FAS	9	11	10	7	7
Tax	71	78	93	96	90
Totaal	252	269	308	317	295

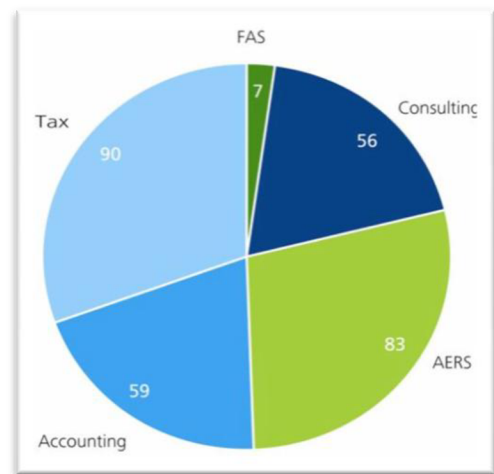


Figure 2.3: Revenue by activities (Deloitte internal sources)

6. Organizational structure

Deloitte Belgium is run and controlled by its partners, and thus represents the view that each Deloitte member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors. The management structure overseeing the strategic growth and development of the firm is three-fold: ownership, governance and management. Daily management is the duty of the Executive Committee, and an oversight function is exercised by a Supervisory Board.

➤ *Chief Executive Officer*

Deloitte Belgium CEO is currently *Rik Vanpeteghem*. The CEO heads the Executive Committee and quarterly reports to the Supervisory Board. The CEO is elected and his main responsibility is to define the firm's strategic course together with the Executive Committee.

➤ *Executive Committee*

The Committee is appointed by the CEO for a four-year term. The main responsibility is to manage and expand the firm, while sharing some responsibilities with the Supervisory Board and the partners. The Chairman of the Supervisory Board regularly attends meetings as an observer

➤ *Supervisory Board*

The Supervisory Board is the primary policy and oversight body, responsible for reviewing and discussing matters influencing partners in their capacities as owners, and confirming the proper application of all agreements. The Board is entirely independent from management and consists of voted members, including a chairman *Frank Verhaegen*.

APPENDIX 3: Deloitte Belgium and its clients

The firm is keeping the focus on its clients and becoming truly client-centric, setting and managing expectations together with its customers. Clients of Deloitte represent a wide range of companies in the sectors such as aviation & transport services, energy & resources, financial services industry, life science & healthcare, public sector manufacturing, real estate technology, media & telecommunications and across all of the major related industries. The clients in the industry segment are typically large Belgian headquartered accounts or international companies with prominent Belgian operations. Furthermore, mid-size companies are a significant and essential component of Deloitte member firms' global client portfolio. Some of its major clients are summarized in the table.



Table 3.1: Major clients of Deloitte Belgium (Deloitte internal sources)

Major clients of Deloitte Belgium					
Henkel	Delhaize-de-Lion	Alcatel	BMW	Carrefour	Belgian Railways
Daikin	Dexia	Red Cross Belgium	Fiat	Sun Microsystems	Net-A-Porter
Groupe Bruxelles Lambert	Microsoft	Renault	YOOX	Tesco	Sony
Dell	Debenhams	Coca-Cola	House of Fraser	Henkel	Toyota
AB Inbev	Janssen Pharma	Luminus-SPE	Pinguin	BNP Paribas Fortis	AB Inbev
European Institutions	KBC Group	NATO	Belgacom	Colruyt	Electrabel
Eurocontrol	KPN/Base	NMBS/SNCB	Bekaert	Delhaize Le Lion	Solvay
GBL	Lhoist	Picanol	CNP-NPM	De Post – La Poste	UCB
Ter Beke	Truvo	Umicore	Unilin	Pinguin	NMBS/SNCB
Telenet	Sioen	Vandemoortele	Swift	Luminus-SPE	Roularta

By understanding client relationships, Deloitte broaden and strengthen the relationships together with key management to facilitate effective communication and foster client loyalty. The main focus is to properly evaluate the relationship, more generally to identify weaknesses and strengths in order to eliminate them and benefit from them in the near future. The evaluation generally consists of a number of questions, which are as follows:

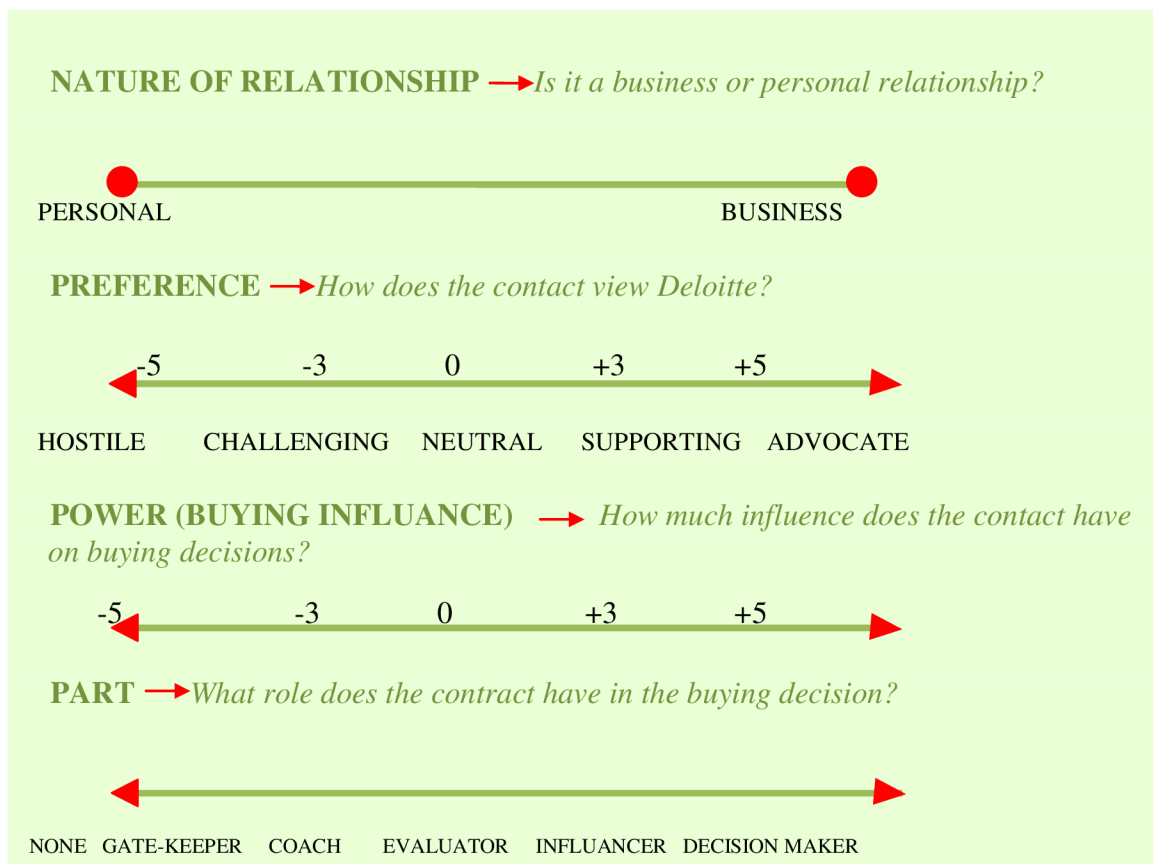


Figure 3.1: Evaluation of client relationships (Deloitte internal sources)

1. Deloitte's global client segmentation model

In accordance with Deloitte's client-centric strategy firm management uses the global client segmentation model to segment its clients in order to benefit from a consistent approach to client relationships and quality delivery. This framework is summarized in the following figure and contains a high level description of client, and more generally is relevant to all clients, large and small, across all service lines.

DELOITTE'S CLIENT SEGMENTATION



Figure 3.2: Global client segmentation model (Deloitte internal sources)

2. Global Client portfolio

There is a greater focus to the organization's most globally significant clients, which involved developing a portfolio of Designated Global Clients that comprises high potential, strategic clients that member firms, functions, and industries have all agreed to prioritize globally, without exception. This portfolio includes the largest multinationals,

the companies of “tomorrow”, as well as significant middle market and private company clients that operate internationally and require the global support of the member firm network. The global client portfolio is summed up in figure and consists of four major groups which are as follows:

- **OCEO clients** are winners in their markets and are the organization’s most globally significant accounts. Deloitte’s primary objective with these clients is to nurture and sustain its position, growing our revenues as the clients grow.
- **D25** are also winners in their markets, with a global footprint. There is the potential to have a much larger relationship with these clients. Getting there demands long-term, focused attention. Investment, particularly in resource deployment, will yield significant returns over the medium term.
- **D300** are the most globally significant clients and emerging companies as identified by Global Industry Leaders in collaboration with member firm leadership. The D300 will receive focused support and enhanced client program resources from all vested stakeholders. In particular, global industry will provide hands-on support through their networks.
- **Selected clients programs** are strategically important to a member firm and also have international presence, and will consequently benefit from heightened awareness from the global network of member firms.

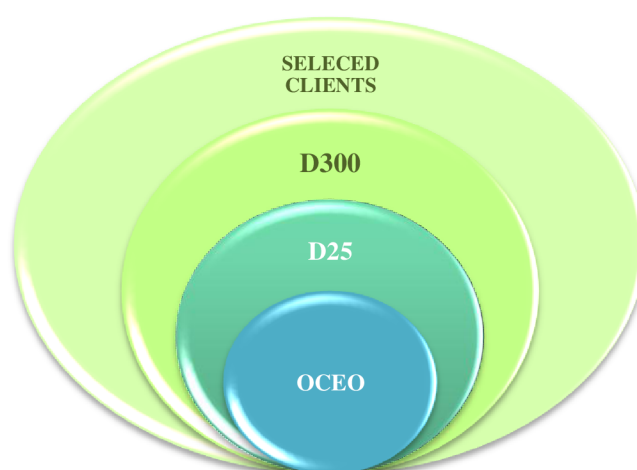


Figure 3.3: Global client portfolio (Deloitte internal sources)

3. Client assessment

First of all, firm management decides about objectives, resources and the level of investment for each client. In fact, client assessments are based on an evaluation of potential and risk to the firm in terms of scope of service requirements and reputation using GIRS (the Global Information Reporting System) and CRM system output. Firm Management draws on these client assessments to set the focus of relationship – audit / non-audit, and high level objectives and quality standards. Based on client assessments, the clients can be divided into three stages, which are demonstrated in the following graph:

- **Greenfield:** Clients with minimal or no current Deloitte relationship.
- **Single service line:** Clients whom Deloitte has sold a single service level. At this stage objective is to leverage this relationship and sell additional service lines.
- **Multiple service lines:** Clients whom Deloitte has sold a number of services. The objective is to expand the relationship by integrating internally and becoming key to the client's success.

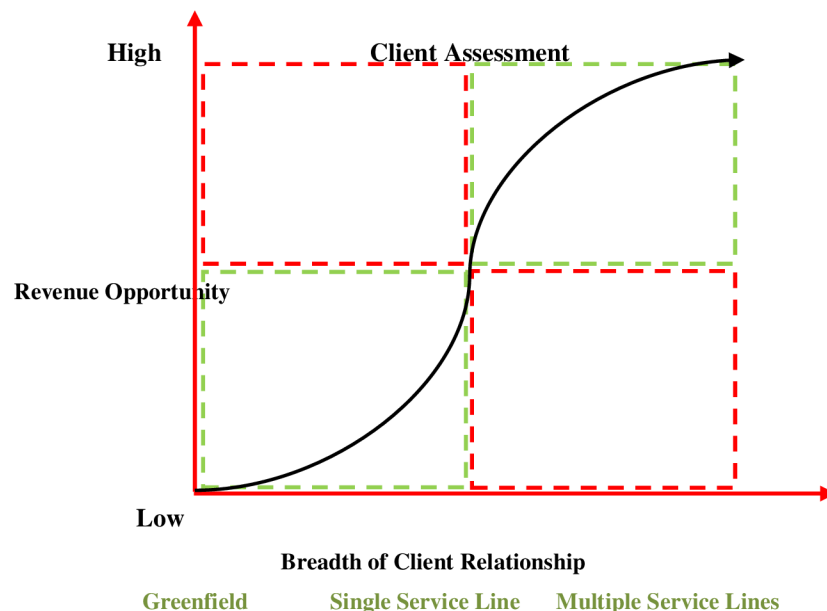


Figure 3.4: Clients assessment (Deloitte internal sources)

4. Deloitte's approach to clients *"Focus Win Grow"*

The Deloitte approach is based on the assumption that client interaction occurs constantly, at every step of the account and opportunity management process. Deloitte focuses on:

- Continuously investing time and attention in order to win clients' trust.
- Validating its activities with clients and continuously realigning its efforts to deliver value from the client's perspective.
- Conducting all client meetings consistently and professionally to ensure seamless operation within teams that span functions and geographies.

The Deloitte approach involves eight steps and is summed up in the following figure. Each step within the approach is designed to maximize the value of the client interactions and continuous validation and relationship building with the clients. Professional standards need to be applied to the preparation and execution of all client interactions.



Figure 3.5: Stages of Deloitte’s approach to clients (Deloitte internal sources)

APPENDIX 4: Deloitte discussing guide

Table 4.1: Discussing guide (Deloitte internal sources)

RELATIONSHIP OVERVIEW	RECENT ENGAGEMENTS
<ul style="list-style-type: none">→ <i>Where is the relationship now?</i>→ <i>How has it evolved?</i>→ <i>Where do you want it to go?</i>	<ul style="list-style-type: none">→ <i>What have we done?</i>→ <i>How did it go?</i>
COMMUNICATION WITH THE CLIENT	
<ul style="list-style-type: none">→ <i>What written communications do they receive?</i>→ <i>How often does Deloitte meet with the client?</i>→ <i>Is the client invited to live seminars, and other events?</i>	
FEES AND OTHER PRACTICAL CONSIDERATIONS	
<ul style="list-style-type: none">→ <i>What's the fee situation – have there been issues?</i>→ <i>Do we deal with procurement?</i>	
SRVICE ATTRIBUTES	
<ul style="list-style-type: none">→ <i>What do we do well and what are the opportunities for us to improve?</i><ul style="list-style-type: none">• Makes and meets commitments• Understands your needs• Demonstrates technical competence• Demonstrates professionalism• Avoids surprises→ <i>Which are the strongest features of Deloitte's service or performance?</i>	
CLIENT'S SATISFACTION WITH PROVIDED SERVICE	
<ul style="list-style-type: none">→ <i>What is your overall level of satisfaction with Deloitte?</i>→ <i>What actions can we take to improve our service to you?</i>→ <i>Has our performance improved, deteriorated, or remained the same over the time?</i>	
DELOITTE AT THE MARKETPLACE	
<ul style="list-style-type: none">→ <i>What is Deloitte image in the market place-and standing in the business sector?</i>→ <i>Is there anything Deloitte could learn from other advisors or consultants?</i>	

APPENDIX 5: Questionnaire



RESPONSIVENESS

Is Deloitte responsive and proactive? For example, by:	Client's Satisfaction Score (1 = High/5=Low)	Client's Importance Score (1 = High/5=Low)
<i>1. Anticipating your needs and questions</i>		
<i>2. Understanding your expectations for service and making them a priority</i>		
<i>3. Treating you as important and providing personal attention from all team members</i>		

UNDERSTANDING AND PERSPECTIVES

Does Deloitte demonstrate understanding and perspective about your business? For example, by:	Client's Satisfaction Score (1 = High/5=Low)	Client's Importance Score (1 = High/5=Low)
<i>4. Understanding your business models, recent performance, strategic priorities, and your environment</i>		
<i>5. Proactively addressing your business concerns and issues</i>		
<i>6. Acting as a trusted advisor by providing ideas, insights, and relevant business advice</i>		

INDUSTRY INSIGHT

Does Deloitte provide industry insight? For example, by:	Client's Satisfaction Score (1 = High/5=Low)	Client's Importance Score (1 = High/5=Low)
<i>7. Demonstrating strong knowledge of your industry/sector and its issues</i>		
<i>8. Sharing industry knowledge, trends, and new ideas through specialists, publications and other on a regular basis.</i>		
<i>9. Creating tailored industry solutions to address your challenges and risks</i>		

RIGHT TEAM

Does Deloitte bring you the right team to meet your needs? For example, by:	Client's Satisfaction Score (1 = High/5=Low)	Client's Importance Score (1 = High/5=Low)
<i>10. Providing professionals who are technically qualified and knowledgeable about your industry</i>		
<i>11. Performing as a well-coordinated and cohesive team</i>		
<i>12. Bringing in specialists from other Deloitte disciplines, as appropriate, to help your business</i>		

VALUE FOR THE MONEY

Does Deloitte deliver value for money? For example, by:	Client's Satisfaction Score (1 = High/5=Low)	Client's Importance Score (1 = High/5=Low)
<i>13. Determining the fees/charges of services provided fairly and appropriately</i>		
<i>14. Having an open and meaningful discussion about fees</i>		
<i>15. Adding value to your businesses at every stage of the project</i>		

SUPERIOR QUALITY

Does Deloitte Tax provide superior quality? For example, by:	Client's Satisfaction Score (1 = High/5=Low)	Client's Importance Score (1 = High/5=Low)
<i>16. Delivering appropriate competencies effectively</i>		
<i>17. Using detailed knowledge to provide realistic solutions</i>		
<i>18. Delivering timely, quality, and consistent service</i>		

OVERALL SATISFACTION

19. Considering the above, how would you assess your overall level of satisfaction with Deloitte performance?

- OUTSTANDING
- VERY GOOD
- GOOD
- REASONABLE
- UNSATISFACTORY

OVERALL PERFORMANCE

20. How would you assess Deloitte overall performance over the past two to three years?

- PERFORMANCE IS IMPROVING (+)
- PERFORMANCE IS REMAINING AT THE SAME LEVEL (=)
- PERFORMANCE IS DETERIORATING (-)

OVERALL IMPORTANCE OF DELOITTE

21. How do you perceive the overall importance of Deloitte's role at your company?




- EXTREMELY IMPORTANT
- VERY IMPORTANT
- IMPORTANT
- NEITHER IMPORTANT NOR UNIMPORTANT
- UNIMPORTANT

COMPETITIVE ASSESSMENT

22. Is there anything that Deloitte can learn from the way other professional service firms works and build relationship with?

23. If you use other professional service providers, how you compare it with Deloitte's quality and level of service?

24. How would you assess the level of our performance to our main competitor (E&Y, KPMG, PWC)?

-  HIGHER
-  EQUIVALENT
-  LOWER

DELOITTE AND THE MARKETPLACE


25. What is Deloitte's image in the marketplace - and its visibility in this business sector?

26. How successful is Deloitte at supporting the client through making its publications and events available and useful?

CLIENT's FEEDBACK

27. What specific actions can Deloitte take to improve our level of services?

28. If a business associate asks about Deloitte, would you serve as a reference for our professional services and recommend Deloitte to others?

-  DEFINITELY YES
-  PROBABLY YES
-  NOT SURE/NEUTRAL
-  PROBABLY NOT
-  DEFINITELY NOT