

Customer Focus: the cornerstone of quality management

By Robert Jablonski

As healthcare providers have embraced Total Quality Management (TQM) [or Continuous Quality Improvement (CQI), as it is known in numerous healthcare organizations], much emphasis has been placed on education and training in the use of TQM and CQI tools: statistical quality control methods and techniques, employee empowerment, and other outcome-oriented methods of the quality movement. While these tools are important to achieving total quality, singular emphasis on the tools of TQM places the cart before the horse.

The impetus for quality improvement begins with the customer. Customers are drawn to products and services of a particular provider because they feel their needs and expectations are met or exceeded by these products and services – not because the provider has better TQM training programs, uses statistical quality control, or has a certain corporate culture. The bottom line for the customer has always been whether he or she obtains the products and services desired. For this reason, a focus on customer needs and expectations is recognized as the key to quality improvement by Deming, Juran, Crosby, and other pioneers of TQM.

Identifying customers is more challenging for healthcare organizations than for many other service organizations due to the unique nature of the healthcare environment. Typically, an organization's customers can be fairly easily identified: the customer is the party for whom the service is rendered and from whom revenue is collected. In healthcare, services are rendered to patients, and revenue is collected from insurance companies, government agencies, and other parties who are usually not even present when the service is performed. A customer may be alternately defined as the beneficiary of a particular activity or the recipient of output. This further blurs the distinction between customers and suppliers in healthcare. Is the beneficiary of a laboratory test or radiology procedure the patient, or the physician who uses the results to diagnose disorders and plan treatment? Is the physician the customer? Is the patient? Are both customers?

These questions validate the need to distinguish between internal and external customers. Internal customers are those individuals and departments inside the organization who use output or are the beneficiaries of other departments' tasks and activities. External customers are those whose entities and individuals outside the organization who receive services and/or provide revenue.

Examples of internal healthcare customers are hospital-based physicians, nurses, technicians, administrators, and other professionals who perform tasks, provide technical services, and use the resources of the organization to

enable it to meet the needs of external customers. Most of these internal customers also provide services to external customers: patients, patients' families, referring physicians, fiscal intermediaries, business entities in the community, regulatory agencies, and third-party payers.

Many efficiency and customer satisfaction problems can be traced to conflicting needs of internal and external customers. In many cases, healthcare processes are designed to meet the needs of internal customers. For example, most admitting and outpatient registration processes have been developed to meet the needs of the admitting department, business office, medical record department, and discharge planning staff. Patient needs and expectations for fast and efficient service are often overlooked. This can result in patients being asked for the same information by an admitting representative, laboratory receptionist, financial counselor, and social worker during their stays.

A balance often must be struck between the needs of external customers and the needs of internal customers. Quality improvement efforts that make this distinction and plan changes accordingly are more apt to succeed than those that focus solely on the needs of external customers or on internal efficiency.

Customer needs and expectations should serve to drive development of new service offerings. Data obtained from a recently completed international quality study indicate that patients and/or referring physicians in fewer than 5 percent of U.S. hospitals currently play a prominent or major role in identifying new service opportunities.* Nearly 40 percent of U.S. hospitals indicate that senior management "always or almost always" takes the dominant role in identifying new services. The same data also indicate that, "U.S. hospitals currently seek minimal input from patients and referring physicians during the design and development stages of new service offering." Clearly, these findings indicate that there is much work to be done to incorporate customer needs and expectations into health care research and development efforts.

Why is a customer focus so critical to quality management? The answer is simply that the customer is the one who determines the level of quality delivered. Improvement efforts that do not identify customer satisfaction as their primary objective fail the basic litmus test of quality. If there is no perceived increase in value to the customer, there has been no quality improvement.

* *The International Quality Study, Health Care Industry Report*, American Quality Foundation and Ernst & Young, 1992.

Quality begins and ends with the satisfaction of customer needs. Regardless of the level of effort expended, the elegance of the testing and reporting mechanisms, and the degree of employee involvement, if the customer's expectations are not met, the effort has been wasted. Marketing studies have shown that satisfied customers will tell five or seven others of their experiences, while dissatisfied customers will tell their stories to as many as 20 people. Customer satisfaction is, at the very least, a public relations imperative.

As TQM and CQI gather momentum in healthcare, it is critical to keep customer-defined quality at the forefront of the effort. As new quality management tools, techniques, and methodologies are introduced, it will serve healthcare executives and managers well to make identification of customers, their needs, and their expectations the first priority of every TQM or CQI related effort and/or team project. Where customer needs and expectations are not met or exceeded, they quickly cease to be customers.