AN ANALYSIS OF HOW TO IMPROVE CUSTOMER RELATIONS IN LOCAL GOVERNMENT WITH PARTICULAR REFERENCE TO THE BUFFALO CITY MUNICIPALITY IN EAST LONDON.

BY

ZUKISWA NTSIKENI

Submitted in partial fulfillment of the requirements for the degree of Masters in Business Administration at the Port Elizabeth Technikon

Promoter: Dr J J Pieterse

December 2002
TO WHOM IT MAY CONCERN

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This work is of strategic importance.

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STATEMENT 2
The dissertation is the result of my own independent work/investigation, except where otherwise stated. Other sources are acknowledged by footnotes giving explicit references. A reference list is appended.
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Date .........................
ACKNOWLEDGEMENTS

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SUMMARY

The research was conducted to address the low service levels offered by Buffalo City Municipality. In the past Council has received numerous customer complaints to this effect, via correspondence and verbal communication to council delegates and officials. The executive head of the municipality has requested a turn around of this appalling situation.

The aim of this research was to gain insight and meaning to the existing problem in an attempt to correct it. This was accomplished by identifying the problem, and then by introducing sub-problems to the main problem for practical and relevant solutions. The research was extended to cover the East London and King Williams Town Local Councils. This was undertaken through personal interviews with the Buffalo City Municipality staff, management, Salga officials and non-profit organisations that were involved in community research on service levels and delivery in local government for this region.

Literature was reviewed on methods of improving customer relations in both the public and private sectors. Local and international best practices were analysed to benchmark against successful practices worldwide. Information relevant to Buffalo City’s scenario has been presented in this study, from the identification of effective customer relation practices, followed by the roles and skills required by management. In addition to the personal interviews conducted, a two-page questionnaire was compiled based on integrated information from literature reviewed on best practices, and staff and management input. The questionnaire formed part of the empirical study.

Results of the study were critically analysed and revealed three main areas of urgent importance. These are: effective communication, the establishment of a customer care policy and procedures together with training and development. These are effectively achievable after the placement of staff. The study was concluded with a practical and applicable detailed programme of intervention.
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CHAPTER 1
PROBLEM STATEMENT AND DEFINITION OF CONCEPTS

1.1 INTRODUCTION

The realisation of the South African democracy has resulted in a culture of neglect in the tiers of governance. This is particularly evident in local government, which tends to neglect putting people first in a business environment of customer service.

In this study, the author explored the initiatives of residents of Buffalo City, by researching methods of improving customer relations. Customer relations and measures of improvement were disregarded in the past. The first chapter addresses the problem statement relating to the study. The main problem is determined and ensuing sub-problems are stated. The delimitations of the research and definition of concepts used in the study are discussed.

The latter chapters identify effective means of improving customer relations in Buffalo City Municipality. These are compared with best practices in the private sector and the literature review describes ways of effectively dealing with customer discontent. The current practices on improving customer relations are presented in detail in the second chapter.

Intervention by management is inevitable and forms an integral part of quality service. The study explored the functions and roles that managers play in this scenario. The application of management competencies and the impact on delivery of quality service forms the basis of chapter three. Chapter four covers the research methodology. The Buffalo City Municipality problem was addressed with literature, local and international best practices together with suggestions from both management and staff of the municipality in chapter five. The presentation of findings and an implementation program conclude the study in chapter six.
1.2 MAIN PROBLEM

During the Buffalo City Municipality’s Mayor Listening Campaign, residents complained about inappropriate treatment from municipal staff. The Mayor read out a complaint letter from an aggrieved aged resident complaining about treatment from staff at the payments hall, where she was sent back and forth to settle a minor problem. He stated that staff should unite and work well with the community they serve. “Care and helpfulness to the public are the key to the success of Buffalo City Municipality”, was his comment. (Muni-Teta, 2001: 6).

A survey conducted by Afesis Corplan (2000: 9) on the performance of municipal staff, based on gender and perceptions of good governance indicated the following results:

Females held a less favourable view than males on the performance of frontline municipal staff: 43% of female respondents said that the staff was welcoming, compared to 55% of males. Of the female respondents, 28% were prepared to say staff was not welcoming, and 23% of males reported the same.

The table below depicts Afesis-Corplan results reflecting the response on municipal staff’s reception to their customers and the timeous handling of complaints:

Table 1: Are staff welcoming and do they attend to people timeously?

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
<th>Don’t know</th>
<th>No response</th>
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<tbody>
<tr>
<td>Females</td>
<td>Males</td>
<td></td>
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A third of all male and female respondents have been reported to argue that the community and council do not interact (32% of females, and 35% of males). The report indicates that slightly fewer females held this view, despite the fact that females were clearly more dissatisfied with municipal performance on communication and governance issues. The females also held a poorer perception of the municipality’s response to complaints: 32% of females said that the municipality responded swiftly and efficiently to complaints while 38% of males reported this. More males than females reported that the municipality does not respond swiftly to complaints (42% males, 36% females). Thirty two percent of females, compared to nineteen percent of males did not render an opinion on the matter. Women generally seemed less confident or more reluctant to render an opinion on the questions posed.

A local East London newspaper has raised concerns with regard to the poor customer relations in Buffalo City Municipality (Mtobeli, 2001: 10). The vision of Buffalo City municipality is to provide quality service; growth and people centred development in a sustainable environment. However, as it was pointed out, this has not been achieved.

The aim of this research is to identify factors that could assist the Buffalo City municipality to improve the quality of the service it delivers. This leads to the following problem, which was addressed by the research (Muni-Teta, 2001: 7).

**How can customer relationships be improved in the Buffalo City Municipality?**

1.3 SUB-PROBLEMS

In order to develop a research strategy to deal with the main problem and solve it, the following sub-problems were identified:

(a) What does literature reveal about improving customer relations?
(b) What do employees of the Buffalo City municipality in East London think they can do to improve customer relations?
(c) What does management believe can be done to improve customer relations within Buffalo City?

1.4 DEMARCATION OF THE RESEARCH

The research was demarcated to make the topic manageable from a research point of view. The omission of the various directorates, departments and levels in council’s structure does not imply that there is no need to research them. The demarcation was set out as follows:

1.4.1 Management level

The study was limited to middle and supervisory management from the revenue management department. All other levels such as senior management and the executive were excluded.

1.4.2 Staff position

Only frontline staff formed part of this study. The back office administrative staff were excluded as they seldom interact directly with customers.

1.4.3 Size of organization

The Finance Directorate (which consists of a total of 292 staff members, with 144 from the revenue management section) was used in this study. The motivation for this was that, maximum direct customer interaction occurs at the cashier points and account enquiries counters for the opening and closing of accounts. This section is the revenue collection, known as the revenue management department.
1.4.4 Geographical demarcation

The empirical component of this study was extended to the central offices of the municipality in East London and King Williams Town. The rest of the satellite/branch offices were included to ensure the accuracy of the research and to achieve focus in gathering appropriate and meaningful information throughout the research process. East London is the central office for Buffalo City’s business operations.

1.5 BASIS OF THE STUDY ANALYSIS

The basis of this research is from the poor customer reports received from the public through letters to the mayor’s office and their ward councillors. This situation negatively influences the rate of payments for services. “As is the case in many parts of South Africa at present, a culture of non-payment has developed among residents of the municipal areas, leading to a serious lack of funds for the council to continue working efficiently. The problem is not only one of being unable to offer efficient services to rate payers, but even more critical is the possible inability to offer any services in the very near future” (Zitumane, Van der Walt, Hector & Van der Merwe, 1999: 25). Improved customer relations can provide an atmosphere of mutual trust, which can contribute to eliminating some of the root causes of this culture of non-payment.

This study analysed how customer relations could be improved in the review of current literature as well as management and staff responses gathered in the empirical study. The aim of the study was to determine outcomes from the integration of current literature with that which management and staff state are requirements to improve.
1.6 DEFINITION OF SELECTED CONCEPTS

1.6.1 Customer relations

Customer relations are defined by Vavra (1992: 18) as encompassing all other marketing activities, that is, all activities with current customers for purposes of enhancing satisfaction with a company and its products or services.

1.6.2 Customer relationship management

Customer relationship management (CRM) is a “business strategy to select and manage the most valuable customer relationships. CRM requires a customer-centric business philosophy and culture to support effective marketing, sales, and service processes. CRM applications can enable effective customer relationship management, provided that an enterprise has the right leadership, strategy, and culture” (Thompson, 2002: 1).

1.6.3 Customer service

According to the ACA group, “customer service is the ability of an organization to constantly and consistently give the customer what they want and need”. The ACA Group is an alliance of highly trained and experienced consultants and instructors providing consulting services, training and education to a variety of manufacturing and service organizations, in both the public and private sectors (ACA Group, 2002: 1).

1.6.4 Service quality

Service quality is defined as "meeting the requirements of the customer." It also includes quality assurance, which is a systematic process for ensuring quality during the successive steps in developing a product or service. ISO 9000 is a standard for ensuring that a company's quality assurance system follows best industry practices (SearchE-Business, 2002).
1.6.5 Servqual

Servqual is the most popular assessment tool of service quality. It is an instrument designed by the marketing research team of Berry, Parasuraman, and Zeithaml (Nitecki, 2002: 1).

1.6.6 Local government

The new constitution states that the government in South Africa is constituted of national, provincial and local spheres of government. These spheres are distinctive, interdependent and interrelated. Local government is defined as one of the three spheres of government in its own right and is no longer a function of national or provincial government. It is an integral component of the state. It is obliged to observe the principles of co-operative government put forward in the constitution (White paper on local government, 1997: section C).

1.6.7 Municipality

The Municipal Systems Act, 2000 presents the following as the definition of a municipality:

(a) it is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the Local Government: Municipal Demarcation Act, 1998;

(b) it consists of -

(i) The political structures and administration of the municipality; and

(ii) The community of the municipality;

(c) it functions in its area in accordance with the political structures, political office bearers and administration and its community; and

(d) has a separate legal personality, which excludes liability on the part of its community for the actions of the municipality.
1.7 ASSUMPTIONS

It is assumed that the problems and proposed solutions expressed by the central East London office staff are also applicable to the entire city’s branch offices.

1.8 THE SIGNIFICANCE OF THE RESEARCH

World-class companies have embraced Customer Relationship Management (CRM) enabling suddenly technology, in order to understand their customers and to improve on customer service delivery. “There is a great deal of talk both locally and internationally about customer relationship management and how it can significantly improve the way you manage your customer base and ultimately, bottom line profits. However without a proper understanding of what CRM entails and how to go about implementing it, it won’t work” (Dicey, 2000: 3).

The significance of this research was to address the concerns of the municipality concerning customer care, and to uncover ways of improving customer relations, thus tapping on world-class success factors. This was realized by using the various inputs from both staff and management together with supporting literature.

1.9 RESEARCH DESIGN

In this section, the broad methodology that was followed in this study is described.
1.9.1 Research methods

The following procedure has been adapted to solve the main and sub-problems:

1.9.1.1 Literature survey

A literature study was conducted to establish what factors play a role in improving customer relations. The study literature includes published and unpublished articles newspaper articles, books and Internet articles. The objective is to identify effective customer relations applicable to Buffalo City municipality, Management’s role and frontline staff.

1.9.1.2 Empirical study

The empirical study consisted of:

(a) Questionnaire
A questionnaire was compiled from the literature findings and personal interviews with management and staff.

(b) Sample
The Buffalo City front-line staff in the East London and King Williams Town offices was used for their direct input in the completion of a questionnaire. Middle management from the Revenue Management Department was also consulted for their direct input in the completion of a questionnaire. The front-line staff was also chosen from the revenue management department. The Revenue Management Department was selected as it deals directly with the daily transactions and queries of customers. This is the entry point of interaction with the municipality.
(c) Statistical analysis
The statistical procedures used in interpreting and analysing the data were determined in consultation with the Port Elizabeth Technikon’s statistician at the time the questionnaire was drawn up.

The results of the literature survey and the empirical study were analysed and integrated to develop a practical solution to the main problem.

1.10 STRUCTURE OF THE STUDY

The research is planned to include the following chapters:

Chapter 1: Problem statement and definition of concepts.

Chapter 2: Identification of effective instruments applicable to customer relations in Buffalo City Municipality.

Chapter 3: Management’s role and perspective on sound customer relations.

Chapter 4: The empirical Study.

Chapter 5: Input of Buffalo City Municipality’s frontline staff concerning sound customer relations.

Chapter 6: Conclusion and recommendations.

1.11 SUMMARY

This first chapter has introduced the topic and the definitions of prominent terms. The purpose of the research has been explained, together with its delimitations. The approach of the research, as well as the structure of the study has been set out.
The following section will introduce the literature reviews on the topic, thus determining how other authors regard the problem faced by Buffalo City Municipality.
CHAPTER 2
IDENTIFICATION OF EFFECTIVE INSTRUMENTS THAT ARE APPLICABLE TO CUSTOMER RELATIONS IN BUFFALO CITY MUNICIPALITY

2.1 INTRODUCTION

This chapter identifies possible areas that can be utilized by Buffalo City Municipality to increase the efficacy of their customer relations. The information is obtained from various authors and the best practices of organisations in both the private and public sectors. Factors influencing customer relations are discussed from different perspectives with the intention of identifying the most applicable principles to the municipality.

The private sector perspective is reviewed, with different roles presented in the form of goals and objectives from both sectors. The progression of customer relations as portrayed in the private sector is analysed, revealing the connection with customer service and ultimately customer satisfaction. Literature reveals how this relationship can be improved using various experiences and systems.

The chapter concludes with the uncertainty surrounding the starting point of BCM’s problem in improving customer service, which questions the identification of the community council serves.

2.2 CUSTOMER SERVICE IN LOCAL GOVERNMENT

In Chapter 7, Section 151 (b) of the Constitution states that the objects of local government are to ensure the provision of services to communities in a sustainable manner. In the absence of profit being the driver of service excellence in the public sector, the law assumes this role. Section 195 (d & e), Chapter 10, of the Constitution demands that peoples needs must be responded to, whilst encouraging the public (council’s customers) to participate. “Services must be provided impartially, fairly and without bias”.
According to Louw (2002), customer service in local government may be improved using the legislative framework. It consists of the Municipal Structures Act, which has a customer care policy, Credit control and debt collection policy, Indigent Policy, and Tariff policy and with the use of By-laws.

The objective of the above is to restore and promote the culture of optimising service excellence, through a fair and equitable customer care policy. A further objective is to protect municipal services users, that pay for their services and to encourage those not paying to do so in the interest of sustainable services delivery.

Louw (2002), states that pillars to customer service include: Stakeholder development; Fairness and equity (all customers have needs and should be addressed equally); Standards; Measurements and to meet the objectives of sustainable service delivery.

### 2.2.1 Customer care cycle

Customer Care Cycle (Louw, 2002) has the aim of providing services, which presents opportunities for customer queries to be addressed before the days of final payment. It includes a follow-up process of query resolution that serves as a final demand notice. Community interaction is promoted outside the municipal offices through involvement of key stakeholders and ward councillors. This is implemented by involving them in preliminary processes such as issuing them with service disconnection lists. This enables them to liaise with the respective communities in order to prevent extreme cases of disconnections and legal action from being instigated.

The cycle involves procedures to assist customers during the process of ensuring accurate and credible bills. It ensures that for all services rendered, there is adequate proof. Customers are issued accounts, which ensure they are informed of their commitments regarding payment. They are reminded of their obligations in advance by issuance of notices. This is only possible when an accurate and credible database exists. The final notice is a reminder that presents an opportunity to resolve queries before further action. The process
includes consultations through house visits, to facilitate the final demand process and credit control action. The cycle ends by effecting restrictions or disconnections by the municipality by utilizing the customer care and debt collecting policies.

The Customer Care Policy as envisaged by Louw, consists of factors such as value to customers, specific service standards, response times, quality of service, and customer ‘rights and responsibilities’.

2.2.2 Vehicles of customer service

According to Louw (2002), customer service can be enhanced through the introduction and use of services forums, credit control forums, community participation (ward meetings), customer and community education programs and annual indigent registrations. The indigent registration forms part of the indigent policy, which entails all households earning less than R1 100.00 (one thousand and one hundred rands only). The municipality has to ensure that all households have access to the free basic services, which include 6kl water and 20000kW electricity per month.

Louw concludes by recognizing the council as the most important customer, and regular meetings have to be held to keep council informed. Being informed ensures that there is ownership of the process. He continues by stating that customer service is what all consumers expect in order to pay. Customer dynamics do not allow for service ‘frills’ because of an area’s income bracket, and all customers must be treated equally. No distinction between classes for quality of service is acceptable. The municipality and its customer must become one entity, a partnership for success. The customer service process is dynamic and has to be continuously revisited and updated.
2.2.3 Ten ways to infuse a sense of service into Governmental Jobs

Self (1997) states that more than the lack of competition in government, results in poor customer service in the public sector. It is mainly because government has not made customer service a priority. He advises the following points to alleviate the situation:

- Have fun
- Make sure customer service is a requirement, not an option.
- Make customer service an integral part of job performance evaluation.
- Emphasise the personal part of customer service. It must be personal because it is a relationship, even for non-profit or non-competitive markets.
- The leadership has to buy into the personal, caring part of their job.
- The level of personal caring that the provider gives to the customer measures customer service.
- The job cannot be just a job. The job must give the employee something more than a pay cheque.
- Customers deserve to be treated as individuals.
- Have leadership that will lead.
- Emphasise customer service continuously.

Conventional wisdom states that customer service can be expensive. However, it does not have to be expensive, but in some areas, it does take money and resources. In addition, a commitment on both quality and quantity of these resources can sometimes cost money. In this sense quantity refers to having the right amount of staff, quality is considered to be bad if customer contact people cannot answer questions or provide answers quickly to those that they do know. Both staffing and training can be dealt with through financial commitment. Nevertheless, there are intangibles that do not cost money and can have a tremendous impact on customer's perceptions such as attitude, caring, attentiveness, a sense of urgency and courtesy. They can make a
significant improvement in the level of customer service, without sending the organisation into bankruptcy (Self, 1997).

2.3 CUSTOMER SERVICE IN THE PRIVATE SECTOR

According to Gerson (1992: 3) “People do not tolerate shoddy goods or service, they return them and shop elsewhere. First, you must sell customers quality products to win them over. Then you must provide superior customer service to keep them”. This he translates to be customer service, which involves all the activities businesses and employees conduct or perform to satisfy customers. Customer service does not only mean producing high quality goods, even though it is an important part of customer service. It is more than handling complaints, exchanging returns and smiling to customers. It also means going the extra mile, by doing everything possible to satisfy the customer and making decisions that will benefit the customer even at company cost.

Customer satisfaction is the extent to which a product’s perceived performance matches a buyer’s expectations. If the product’s performance falls short of expectations, the buyer is dissatisfied. Satisfied customers are more likely to be loyal customers (Kotler & Armstrong, 1996: 546). Measuring customer satisfaction is difficult because satisfaction depends on one’s level of aspiration or expectation (Perreaut & McCarthy, 1996: 683).

Customer service as defined by the ACA group (Howardell, 2002) is “the ability of an organization to constantly and consistently give the customer what they want and need”. The ACA Group is an alliance of highly trained and experienced consultants and instructors providing consulting services, training and education to a variety of manufacturing and service organizations. This occurs in both the public and private sectors ranging from five million dollars in annual sales to Fortune 500 companies. The ACA group defines excellent customer service as the ability of an organization to constantly and consistently exceed the customer's expectations.

Self (1997) defines customer service as “any contact, whether active or passive, between a customer and a company, that causes a negative or positive
perception by a customer. The perception will be influenced to be either positive or negative by the customer’s expectations of the contact having being met, exceeded or disappointed.” From this definition, it is apparent that perceptions and expectations are the key factors. These are instruments applicable to both the private and public sectors. Self describes a service oriented definition of customer service as being rampant throughout the organisation, starting at the top, rewarded and recognised, admired and emulated, it is sustained by being ingrained into the organisation.

This describes customers as part of the organisation and not just part of a program within the organisation. It has to cut across all the disciplines in the organisation. It is therefore an integral part of all the functions in the organisation. Customer service has to be experienced rather than quantified.

According to Self (1997), customer service exists whenever there is customer contact or a ‘moment of truth”. He further explains that most people believe that the better a person knows them, the more that person will like them, thus being the essence of customer service. Customer loyalty develops on customers feeling a common connection with a particular organisation, and it is the service that causes product and company differentiation. He says customer service does more than simply provide a means to drive sales. To companies that have a commitment to customer service, “it raises the bar of competition”. In addition, the only way that companies can accomplish this is through their employees. As the competitive bar goes up, the quality of employees must also increase equally. This introduces the important dimension of employee competence.

2.3.1 Principles of customer service

Self recognises the following principles to be important for customer service excellence, they are:

- Committing to customer service. Living it, breathing it, and rewarding it.
- Selling employees the whole and not just part of it.
Ensuring that marketing and sales emphasize their employees, not just the product (when morale and sales increase so will sales). Employees should be made to feel as though they are part of a group.

Ensuring that all customer contact employees have autonomy to accommodate their customers, even if it means bending company rules. This would require examining the amended rules.

Being better than the competition by knowing them better.

Finally, by keeping the focus on staff (they are the company).

2.4 THE ROLE OF CUSTOMER SERVICE IN THE PRIVATE SECTOR VERSUS PUBLIC SECTOR

In private practice, business decisions are made with a primary objective maximising shareholder wealth. Decision makers in the private sector are interested in their own personal satisfaction, employees’ welfare, and the good of their community and society at large (Weston & Brigham, 1993: 14).

The guiding principle of the public service in South Africa is “service to the people” and transforming service delivery is the key. The South African public service is judged by its effectiveness in delivering services, which meet basic needs of all South African citizens. Public services are not a privilege in a civilised and democratic society: they are a legitimate expectation. “This means that government institutions must be reoriented to optimise access to their services by all citizens, within the context of fiscal constraints and the fulfilment of competing needs” (White paper on local government, 1997: 1.1).

Even though profitability is not the driving force in local government, sustainability is. This is however not possible if the citizens of Buffalo City Municipality refuse to pay for their basic services due to poor customer service. Both of these sectors are business entities that have to survive the challenges of their business objectives. However, in order for them to achieve their objectives, “today it is widely acknowledged that how you treat your customers goes a long way to determining your future profitability, and companies are
increasing investments to do just that”. Customer centric is the starting point according to Thompson (2002).

"The most profitable companies are those that make the smartest decisions about allocating resources among marketing, sales and service efforts, according to a new study. Research also reveals which specific investments in attracting and retaining customers have the most impact" (Wolfe, Dull & Stevens, 2000: 25).

2.5 THE PROGRESSION OF CUSTOMER RELATIONS

A study completed by Anderson Consulting (Wolfe et al, 2000: 25), established for the first time the strong link between excellence in a company’s overall interaction with its customers, which is what is known as Customer Relationship Management or CRM and Financial Performance. The research shows that companies that have not invested in developing CRM capabilities are leaving profits behind. They further acknowledge that the differences in the capabilities account for half the difference between top and average financial performance.

The study’s second set of findings clarifies which specific investments return the most value. Five of the total fifty identified marketing, sales and service capabilities, produce the highest impact on financial performance. Each is described briefly below in order of impact.

(a) Customer service
The cost of winning one customer is much greater than that of holding on to one, and customer retention is often the single most important factor in customer retention. A satisfied customer may tell a few friends, but that same customer would tell many more about a customer service failure. A small, personalised touch can go a long way to building a sense of relationship.
(b) Motivating and rewarding employees
To motivate and appropriately reward people involved in customer relationship management is as equally important as profitability. In addition, just as important is the respect and access that the top-performing sales people get. Even financial rewards get more creative for customer facing staff in high performing companies.

(c) Attracting and retaining personnel
“Best-practice companies attract companies by targeting specific traits, often including passion for the product or service”. Herb Keller, chairman of South West Airlines equivocated by saying “We would rather have somebody with less education and experience but with a great attitude”. Successful companies also focus on retaining their staff longer, as this allows for continuity by developing insights and cultivate long-term relationships. This brings more value for both parties (customers and staff). The art of retaining staff has to accomplished with one individual at a time (Wolfe et al, 2000: 29).

(d) Converting information into insight
This capability is involved with the ability to take over a large amount of transaction data and other information that companies capture about their customers and transform it into real insight. Frontline staff are quick, and easy access to critical data purchases, contact history, product inquiries, demographic, and lifestyle data is vital.

(e) Building selling and service skills
Best performing companies build their staff, through training and coaching them in a broad set of skills. These skills include equipping them in less obvious skills such as listening empathetically, handling tough questions and complaints and negotiating successfully.

Excellence in the abovementioned areas is the factor most closely associated with high return on sales in the industries studied. The implication is that for management teams looking to invest in customer relationship management, the five capabilities are likely the best bets.
2.6 CUSTOMER RELATIONSHIP MANAGEMENT

In a presentation conducted by the Principal business consultant at Lagan Technologies (Rooch, 2000: 4), on Customer Relationship Management and its implementation, the following was revealed:

Customer relationship management currently means different things to different people and it consists of various components. It is a strategy that companies use to optimise profitability through enhanced customer satisfaction; it is about becoming customer focused. Successful implementation of the strategy results in increased benefits. Customer contact centres are fundamental to CRM’s success. To take advantage of the strategy’s benefits the factors listed below are to be noted and applied:

- Automation does not become an automation adventure.
- Determine the functions to automate.
- Gain top management support and commitment.
- Employ technology smartly by selecting efficient information technology systems.
- Secure ownership by getting users involved at an early stage to make sure that your CRM automation addresses their needs.
- Prototype the system in order to facilitate phasing in a new one.
- Train users.
- Motivate personnel.

Administrate the system, and one person or a department must be held responsible to oversee the well being of the system. Keep management committed by setting up a committee from the company sections that will give quarterly feedback on the CRM’s status.

According to Thompson (2002), Customer Relationship Management (CRM) is a business strategy to select and manage the most valuable customer relationships, in order to create and sustain long-term, profitable relationships. Successful CRM initiatives start with a business philosophy that aligns company activities around customer needs. CRM requires a customer-centric business
philosophy and culture to support effective marketing, sales, and service processes. CRM applications can enable effective customer relationship management, if an enterprise has the right leadership, strategy, and culture. Customers are conscious about the service they should be receiving and vote with their wallets based on the experience they receive.

“CRM—at least the successful, useful and profitable kind—always starts with a business strategy, which then drives changes in the organization and work processes, which are in turn enabled by information technology. The reverse never works. Projects that focus on technology first, rather than business objectives, are destined for failure, according to both extensive best practices and research” (Thompson, 2002).

Thompson (2002) concludes by stating that a customer-centric business is perfectly poised to reap significant benefits using CRM technology. The power has shifted to customers and customer relationship is the focus of competitive advantage. CRM technology enables a systematic way of managing customer relationships on a larger scale, it is an enabling tool of the processes required to turn strategy into business results.

Anderson Consulting defines customer relationship management as the holistic and methodical approach to identifying, attracting and retaining a company’s most valuable customers through a sense of integrated capabilities, mentioned earlier in this text (Wolfe et al, 2000: 26).

2.7 REAL CUSTOMER RELATIONSHIPS

Real customer relationships are those that result in the customer feeling a genuine sense of loyalty to the firm. They are predicted in a series of satisfying experiences with the company, these are not developed overnight. Until the customer senses some attachment to the company, then no relationship can be said to exist. At best, it should be a satisfying encounter, which if it reoccurs often enough, could become a relationship. “Thus, relationships are born of successive experiences of customer satisfaction” (Barnes, 2002).
Customer satisfaction is driven by the ongoing creation of value in the mind of the customer, and customers cannot be satisfied unless some form of value is created. “The creation of value must lie at the heart of any customer relationship strategy”. The lasting form of relationships should elicit an emotional response from the customers. It is less easily duplicated by the competition and contributes less emphasis on price such the as value created for customers when a firm employs qualified, friendly and helpful employees (Barnes, 2002).

Customer service is often the single most important factor in customer retention. Getting it right in customer service leads to better financial performance and the cost of winning a new customer is much greater than the cost of holding on to a current one. A personalized touch can go a long way to building a sense of relationship.

Customer driven enterprises look through the eyes of the customer, taking an outside-in perspective, to ensure that their best customers receive consistently differentiated and, personalized service. This in turn increases market share, the share of the customer’s business and the total value derived from those customers over their lifetime. This all adds up to considerable customer equity, the new measure of value that places emphasis on the relationships companies build with their customers (Wolfe et al, 2000: 26).

The challenge with customer relationship begins with gaining deep insight into the customers, then drawing on that insight to strengthen customer offerings. This is to create appealing value propositions, products and services. It also involves enhancing customer interaction through superior sales and service as well as strong personal relationships (Wolf et al, 2000: 26).

2.8 CUSTOMER SERVICE FACTS, FIGURES AND INSTRUMENTS

This section covers the facts, figures and instruments used in best practices of customer service. The instruments include customer service tools, Standards of
service, Handling customer complaints and the measurement of service. Practical experiences applicable to BCM are ensued.

2.8.1 Facts and Figures of Customer Service

Self (1997) presents the following facts about customer service from his extensive research and study on the subject:

- It can cost up to five times as much to attract a new customer than to retain an existing one.

However, the situation is slightly different in local government considering that Buffalo City municipality is the sole provider of most basic services. This situation is changing though as companies like ESKOM also supply electricity in a few areas. There is a threat of more companies approaching the government to privatise in order to provide better service.

- The average business never hears from 96% of its unhappy customers.
- For every complaint received, the average company has 26 customers with problems, six of which are serious in nature.
- Of the people who have problems, complainers are more likely than non-complainers to do business again with a company that upset them, even if the problem was not satisfactorily resolved.
- Of customers who registered a complaint, between 54% and 70% will do business again with the organisation if their complaint is resolved. The figure increases to 95% if the customer feels that the complaint was resolved quickly.
- The average customer who has a problem with an organisation tells nine to ten people about it. Thirteen percent of the people who have a problem with an organisation recount the incident to more than 20 people.
- Customers who have complained to an organisation and had their complaints satisfactorily resolved tell an average of five people about the treatment they received.
It is evident from the data that bad service receives far more publicity than good service. Moreover, the damage caused is far greater. However rectifying the problem helps the situation. It is also clear that the majority of customers lost are the quiet ones. It therefore stands to reason that getting it right the first time is of absolute importance. The second time around may be too late. The next section will deal with the tools to use in order get it right the first time around and sustain the good practice. This leaves room for correction in the slight event that it becomes necessary.

**2.8.2 Tools of customer service**

Self (1997) has identified four tools of customer service and they are internal tools, employees, customers, and external tools. *The internal tools* consist of a mission statement, which is a powerful tool to keep in the company; Turnover, this is a yardstick for measuring the satisfaction/loyalty of employees and management; Benefits, these are comparable to local alternatives where employees may choose to work; and Leadership, this should be visible to employees.

The mission statement determines the basic goals and philosophies that will shape the strategic posture of a business. It sets the organisation apart from other organisations of its type and identifies the scope of its operations in product and market terms. The company mission is a broadly framed but enduring statement of the company’s intent. It embodies the company’s philosophy of the firms strategic decision makers, it implies the image the organisation seeks to project, reflects on the organisations self concept, and indicates the organisations product or service areas and primary customer needs the organisation will attempt to satisfy (Pearce & Robinson, 1999: 31).

The mission is therefore the starting point in the organisation; customer service is the integral part to any organisation as presented by the literature reviewed. Buffalo city only developed its mission statement in 2001 (BCM IDP Document, 2002: 110).
**Employees:** if employees are not satisfied, customers will not be either. The following tools may be used to motivate employees and keep them that way. Quality circles/ Focus groups, these are small groups of people from the same work area who voluntarily get together to identify, analyse and recommend solutions for problems related to quality, productivity and cost reduction (Kreitner, Kinicki & Buelens, 1999: 387); Employee, management attitude surveys, when these are done right, it is a developmental tool for both employees and management, but can be disastrous when done badly; and Employee suggestions can be used as indicators of employee morale and to determine the level of management.

**Customers** are the source of valid, and objective feedback they require immediate action; Customer surveys are vital to assess customer perceptions and guarantees to be competitive if not better than those of the competition are. Lastly, **External tools** include outside consultants/ Audit to look into the company’s policies and procedures. This is a source of objective opinions and new perspectives, which should not be used only in crises; Trade periodicals for ideas; and Conventions, Associations allow networking and chance to keep up with the latest and greatest news. Support for the trade association is vital for each industry.

### 2.8.3 Standards of service

Customer service or focus means one thing: that the company has made promises to the customer in the form of advertising and slogans. The company has to keep its promises. After the display of such promises, it is operations that must make customer service happen. In the absence of customer service delivery, the customers blame the contact person and from there, they blame the company. For the team to win each member of the company must participate to full capability and capacity. The work force and management must be one; they should share the same vision, mission and philosophy (Self, 1997).
It is the people and the service derived from the people that keep customers and bring them back. Service brings them back, and creates loyalty. Advertising conscientizes the customer to the company and the rest depends on production and delivering the service promised. Establishing standards for the service personnel does this. Standards provide consistency for customers. That makes customers with the organisations operations and paves the ground for repeat business.

Service Standards have to be defined, measured or enforced. They should be ingrained on the employee’s job descriptions and the focus should be on the customer. Employees like high standards because they feel good about themselves after reaching them (Self: 1998).

2.8.3.1 Do’s of customer service

Self (1997) highlights the following customer service Do’s points:
- Customers should be instantly acknowledged.
- Real live people should take precedence over customers on the telephone.
- Focus on customers when talking to them.
- Look at the customer whilst talking to them.
- Be familiar enough with the store’s products that require directions easily.
- Acknowledge the customer even when carrying out another task.
- Be knowledgeable of the products and services being sold.
- Be helpful. Take the initiative. Do not be a slug.
- Be enthusiastic. Smile.
- Speak with the right amount of volume.
- Answer customer questions enthusiastically.
- Leave personal problems at home.
- Adjust the level of attention to the customer’s needs.
- Be one’s self.

These rules are not there to bind the front line employee; they exist to give limits and a direction for one’s personality. That is the reason why it is imperative to get the right person for the job, a customer oriented person.
2.8.3.2 Service standards practical experience

A practical experience of customer service standards from Grain Inspection, Packers and Stockyards Administration (GIPSA), a United States Department of Agriculture (GIPSA, 2002) has the following standards to offer to their customers:

- **Courteous and Respect**: Customer views and needs are important to them and in return, they offer professional treatment, objectivity, and confidentiality. They offer polite responsive and knowledgeable staff.

- **Fairness**: They offer objective services, regardless of race, colour, national origin, sex, religion, age, disability, political beliefs, and marital or family status.

- **Clarity**: They clearly explain to the customer what they do, how their programs work, and who to contact for further assistance. If their information is unclear, they request feedback from their customers in order to make things clearer.

- **Accessibility**: They are available to serve their customers and talk individuals and organisations about their programs.

- **Timeliness**: They provide a service within a specific limited period, consistently.

- **Responsiveness**: They continue to seek their customer’s views, listen to their needs, and take action based on them. When customers are not satisfied with any aspect of their programs they encourage them to advise them so they can continue to improve.

The GIPSA is customer focused based on what their customers tell them. They make use of nationwide meetings, focus groups, and extensive employee surveys together vital information about their products and service to continuously improve on their service. This organisation offers an excellent practical customer service improvement guide.
2.8.4 How to handle customer complaints

“Even though an entity may provide the best service and product, have the best people on the job, customer complaints are inevitable”. Well stated by a United States private company, CTDA (Ceramic Tile Distributors Association, 2002). They confer that complaints come in several ways and that establishing basic principles may decrease the level of aggrieved customers. As presented earlier in Self’s customer service data, the high return of customers that had their complaints sorted out. It is then safe to conclude that the correct handling of customer complaints improves the organisations chances of retaining customers. Thus leading to improved customer service.

Ceramic tile distributors association (CTDA) provides the following guidelines to help resolve possible customer complaints. The association terms them “Good rules to follow” and they are as follows:

1. Be Courteous: Act in a way the customer feels that you are there to help and work with them to resolve the situation.
2. Act Promptly: By acting quickly, a complaint can change from a negative image to a positive image. Be sure to document all meetings and discussions. If a complaint becomes “ugly”, this will be very important.
3. Sometimes one may not be at fault, but by reaching a fair and reasonable settlement, one may help the customer relationship (CTDA, 2002).

2.8.4.1 Do’s and Don’ts of Customer Complaints

CTDA states that for initial complaints, when the office receives a complaint from a customer, the employees should know how to best handle the customer. A set of do’s and don’ts should include inter alia:

- Do have a person or people designated to handle a complaint
- Do act helpful and willing to give guidance.
- Do direct them to a person who can resolve or settle the complaint; and
- Do not argue with the customer.
- Do not transfer them to a voice mailbox without their approval.
➢ Do not continue to transfer them to people who cannot resolve or settle their complaint.

When an employee receives a complaint call, they should be able to try to understand the issue and direct the call to the correct person. There should be a listing of who should receive certain calls and a possible backup. Once the complaint reaches the correct person it is directed to, that person should act in a professional manner to understand the problem and aid in assisting the customer. It helps to keep record of complaints in order to revisit company policies to limit customer dissatisfaction (CTDA, 2002).

2.8.4.2 Customer complaints handling practical experience

A public perspective by Dalrymple & Donnelly (1997), in a paper they presented on managing and evaluating customer procedures in local government. Their paper recognises that effective complaint handling has a significant contribution to make towards quality improvement. They also acknowledged that the contexts within which public sector services are designed and delivered to be clearly different from those in the private sector. This assessment was based on the premise that provision maybe statutory or the service provider may have a monopoly on service provision. In such cases, they concur that the service provider has no simple metric of performance in the form of customer retention.

However, the imperative is replaced by public accountability for the expenditure of public funds on service provision. Their research reflects that local government has been faced with diminishing budget provision to sustain an increasing number of statutory and non-statutory services. This has led to the advent of greater awareness of quality management and quality improvement principles. Their research identified the many challenges faced by local government in main more extensive provision for services on a limited budget, while making improvements in provision.
2.8.4.3 Characteristics of Effective Customer Complaints Handling

In the local authority sector, the objectives of customer loyalty and increasing market share do not apply as they do in the private sector. Nevertheless, the need to design and implement effective complaints handling systems is apparent in achieving the goal of improving service quality. Dalrymple & Donnelly (1997), presented characteristics of an effective complaints handling system to include:

- **Accessibility:** People must know how to complain, find it easy to register their dissatisfaction and feel reassured that their complaint will result in some action rather than be intimidated by the experience.
- **Processing:** The organisation must have systems and procedures in place to deal with people and their expressions of dissatisfaction. These systems must include seamless transfer between functions and levels within the organisation as well as the appropriate resources to ensure the systems are capable of delivering to specified standards.
- **Outcome:** The quality improvement imperative which underlies the capture and processing of complaints data is to ensure that the lessons are learned and improvements maybe identified in the design and delivery of services.

The two authors encourage the dissemination of good practice within the authority to ensure that all departments and functions benefit from the experience of good practice. The desire of the dissemination is recommended across authorities because in most cases it does not have any element of “competitive advantage” to be lost by sharing the good practice.

The perspectives from both the private and public sectors identify customer service as the bases of long lasting relationships the definitions of customer service differ slightly, but offer the same meaning and understanding. The facts, figures, tools and standards appear to apply in both sectors, thus offering Buffalo City Municipality a wide range of factors to consider, in accordance to their specific nature of operations. The next section attempts to measure service according to what the customer wants and needs.
2.8.5 Measurement of customer service

According to Nitecki (2002), one of the most popular assessment tools used to measure service quality is Servqual, it is an instrument designed by Berry, Parasuraman, and Zeithaml (PB&Z). The instrument was introduced in 1988; it has been used in replication studies in a range of service industries, which include the health care, appliance repair and several other professions. Through numerous qualitative studies, they have evolved a set of five dimensions, which have been consistently ranked by customers to be the most important for service quality, regardless of the service industry.

These dimensions are defined as follows:

- **Tangibles**: They have an appearance of physical facilities, equipment, personnel, and communication materials;
- **Reliability**: An ability to perform the promised service dependably and accurately;
- **Responsiveness**: The willingness to help customers and provide prompt service;
- **Assurance**: Is the knowledge and courtesy of employees and their ability to convey trust and confidence; and
- **Empathy**: Is the caring, individualised attention the organisation provides for its customers.

2.8.5.1 Customer service survey instruments

Based on the five servqual dimensions, the researchers developed a survey instrument to measure the gap between customer’s expectations for excellence and their perception of actual service delivered. This instrument helps service providers to understand both customer expectations and perceptions of specific services, as well as quality improvements over time. This is known as the Gap analysis, described as the difference between two attributes namely expectations and perceptions.
A servqual model was developed highlighting five gaps, explained as follows:

- **Gap 1 (The knowledge gap):** This is the difference between what customers expect and management perceptions of customer expectations. Not knowing what customers expect. The cause of the gap: Is the failure of management to identify consumer expectations. Strategies to close the gap include communication with customers, conducting a market research, encouraging upward communication and decreasing layers of management.

- **Gap 2 (The Standards Gap):** This is the difference between management perceptions of customer expectation and service quality specifications. It is caused by resource constraints, market conditions and management indifference. The strategies to close this are; top management commitment, establishing service quality goal and standardisation of tasks.

- **Gap 3 (The Delivery Gap):** The causes of this gap include employee’s unawareness of specifications, their lack of relevant skills and their unwillingness to perform work. The strategies to be followed involve enhancing teamwork, ensuring employee-job fit, technology-job fit, employee control, utilisation of a supervisory system, the reduction of role conflict and ambiguity.

- **Gap 4 (The Communication Gap):** This is the difference between service delivered and external communications not being of a high level of service. Poor or lack of communication and over promising causes this Gap. The strategies to solve the situation include increasing horizontal communications and avoiding propensity to over promise.

- **Gap 5 (Expectations and Perceptions):** This is the level of service quality, which measures the difference between perceived service and the customer's expectation. It highlights the strengths and weaknesses of the organisation. The servqual model has problems in that, it measures expectations of an ideal organisation, and the instrument is of a generic nature, it has potential bias in measuring consumer expectations.
Solutions to overcome the problems involve modifying questions to fit the specific industry characteristics, including additional questions and measuring customer expectations before the services is delivered.

2.8.6 Customer service measurement in local government

Two perspectives are presented in this section. They are the international, United Kingdom and the local, South African perspectives. The interaction of the respective governments is observed.

2.8.6.1 An international experience

According to Wisniewski’s (2001: 9) research, the United Kingdom (UK) government’s best value initiative is intended to ensure that local authorities provide the best value in service delivery and emphasises the importance of ensuring clear customer/citizen focus across all services. The government’s audit team sets out key features of a best value service grouped under 10 criteria. The first being that council services must be able to demonstrate that “they understand the needs, expectations and priorities of all stakeholders”. UK’s local authorities are already using a variety of methods to capture the voice of the customer, with surveys being popular. Their surveys have to focus solely on customer perceptions of services and not their expectations. The UK government has been working with a number of council services to adapt the servqual approach.

Wisniewski (2001: 9) acknowledges that local authorities and other public bodies in the UK have been affected by the revolution that has swept through the private service sector over the past few years. That being the customer satisfaction and loyalty, secured through high quality products and services to meet customer needs and provide value for money, which are seen essential for survival and success in the private sector. He states that organisations operating in the public sector have come to realise that they too must ensure their services are soundly based on the needs and expectations of their stakeholders, communities, citizens and customers and that they are seen to be
providing service quality. This has been reinforced by the UK government’s commitment to modernisation of local government with radical change proposed to the way councils plan and deliver local services through “best value”. Best value emphasises the role of sound management as a means of delivering service improvements.

Studies on servqual by Wisniewski (2001: 9), as argued by Parasuraman et al reflect that “minor modifications on servqual can be adapted to any service organisation”, thus to produce the major results required. This argument supports the Pareto analysis, after an Italian economist who realised that approximately 90 per cent of wealth in his country was owned by 10 per cent of the people (Oakland, 2000: 146).

2.6.2 A South African experience
A similar trend is experienced in the South African context through the Batho Pele principles. The department for public service and administration (DPSA) drew up service delivery principles to be used as a guide to transform public service delivery. They are contained in the draft white paper on transforming public service delivery (May, 1997), and are presented in the exhibit 2.1 as follows:
Exhibit 2.1

The Eight Principles of Batho Pele

1. Consultation
Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered

2. Service standards
Citizens should be told what level and quality of public services they will receive so that they are aware of what to expect

3. Access
All citizens should have equal access to the services to which they are entitled

4. Courtesy
Citizens should be treated with courtesy and consideration

5. Information
Citizens should be given full, accurate information about the public services they are entitled to receive

6. Openness and transparency
Citizens should be told how national and provincial departments are run, how much they cost, and who is in charge

7. Redress
If the promised standard of service is not delivered, citizens should be offered an apology, a full explanation and a speedy and effective remedy; and when complaints are made, citizens should receive a sympathetic, positive response

8. Value for money
Public services should be provided economically and efficiently in order to give citizens the best possible value for money

Source: Draft white paper, Public service delivery (1997:7)

According to A. Sidinile, (personal communications, 9 November 2001) director of the South African local government association (SALGA), municipalities within the province use the above mentioned principles as a guide for their customer care policies. The draft includes information on how these principles are to be applied and developed to enhance continued service delivery excellence in practice.
The department of public service and administration developed a Public service sector education and training authority (PSETA), that promotes good customer relations. Their vision is “A skilled public service that will competently serve our nation” (PSETA, 2001:1).

2.9 CITIZENS AS CUSTOMERS

There is criticism on the concept of the citizens being recognised as customers. Buffalo City Municipality is accused of becoming customer oriented, rather than being service providers to the community of this area. The councillors are of the view that the municipality is there to serve the community. The community is the employer and therefore municipal staff is obligated to serve as service providers (Finance Strategic Workshop, 2002).

Similar cases have been experienced in Bangladesh. A study by Hirschmann (1999) revealed that there was criticism on the principles of customer orientation in the public sector. The basis of such criticism in his study was “that the idea undermines the democratic and responsible relationship between citizen and citizen and citizen and government” other arguments were that treating people as customers is “too a simple notion to incorporate all the complex demands and diverging levels of influence of multiple principals and agents”. In addition, that customer orientation will undermine the quality of policy making.

2.10 SUMMARY

It is apparent from the literature that both the private and public sector value the importance of improvement on customer relations. The approach utilized to achieve the same goal is similar, but based on the different work environments experienced by both sectors. The resources and capacity limitations in the local government arena may pose as a constraint to effective implementation of the private practice principles that have been proven successful, however it is possible.
It is also evident from the literature reviewed that the management of an organization plays a major role in ensuring that high levels of customer satisfaction are reached. Management is a broad term with vast activities that will be discussed in the next chapter, which looks into management’s role in the customer service, improvement process.
CHAPTER 3
MANAGEMENT’S ROLE AND PERSPECTIVE ON SOUND CUSTOMER RELATIONS

3.1 INTRODUCTION

The role of management and its perspective on customer relations are reviewed from literature presented by various authors. In this chapter, it can be seen that management is challenged with the task of improving customer relations. The public sector lacks the capacity to attract qualified and experienced personnel in their organisations. This in turn limits the availability of the required skills in the public sector, due to competition in terms of benefits and long-term growth potential offered by the private sector. Those that acquire education in this sector leave upon qualifying. Cases of poor management are reported regularly in the press, and political appointments are popular within this sector. BCM is no exception to these situations, this being reflective in staff turnover figures.

The restructuring process currently taking place in local authorities, attempts to address the inadequacies within this sector. Poor management in some councils have resulted in cash flow problems and high levels of debt. The use of private sector consultants is in the increase in local government as evident at BCM for management and specialised skills. Reduced expenditure on consultants and Increased levels profitability is required in BCM. This is to enable council to afford expenditure on integral parts of the organisation such as improved work processes to enhance sound customer relations.

This chapter introduces a better understanding of the basics required in BCM’s management. The roles and functions that managers play are explained and in particular, how these can be directed towards improving customer relations at Buffalo City Municipality. Different levels of management and the competencies they require to achieve their organisational goals are discussed. These are from proven theoretical perspectives, practiced by successful organisations locally and internationally.
The latter part of the study discusses the possible solutions based on organisational best practices that can be implemented by BCM.

3.2 THE MEANING AND ROLE OF MANAGEMENT

Decision-making is a key responsibility for many leaders. This includes issues involving policy development, expenditure against business of functional unit targets, continuous improvement of service provision, and the resource and development of staff. Another major area of responsibility involves the creation of vision and strategy to underpin the business plan, and the public relations role with clients (Holbeche, 1998: 125).

3.2.1 The meaning of management

Management refers to the tasks that managers accomplish, and these include planning, organising, leading and controlling the work of an organisation. Managers are the people responsible for ensuring that an organisation achieves its goals (Hellriegel, Jackson & Slocum, 1999: 8).

3.2.2 The role of management

Managers play a constantly evolving role, they need to creatively envision and actively sell bold new directions in an ethical and sensitive manner. Effective managers are team players empowered by the willing and active support of others who are motivated by conflicting self-interests. “It is the manager who determines whether our social institutions serve us well or whether they squander our talents and resources” according to Mintzberg as quoted by Kreitner et al, (1999:6).

Kreitner et al (1999) quotes research performed by Clark Wilson over the past 20 years on skills exhibited by an effective manager, which he believes are in tune with current results-oriented organisations (see Exhibit 3.1). Managers provide direction, lead the drive for change and encourage teamwork.
(Holbeche, 1998: 128). BCM managers need to be aware and practice the managerial skills and competencies mentioned in this section in order to improve on their performance and ultimately that of the organisation.

Exhibit 3.1

<table>
<thead>
<tr>
<th>Skills Exhibited by an Effective Manager</th>
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<tbody>
<tr>
<td>1. <strong>Clarifies goals and objectives</strong> for everyone involved.</td>
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<tr>
<td>2. <strong>Encourages participation</strong>, upward communication, and suggestions.</td>
</tr>
<tr>
<td>3. <strong>Plans and organises</strong> for an orderly workflow.</td>
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<td>4. <strong>Has technical and administrative expertise</strong> to answer organisation-related questions.</td>
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<td>5. <strong>Facilitates work</strong> through team building, training, coaching, and support.</td>
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<td>6. <strong>Provides feedback</strong> honestly and constructively.</td>
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<tr>
<td>7. <strong>Keeps things moving</strong> by relying on schedules, deadlines, and helpful reminders.</td>
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<tr>
<td>8. <strong>Controls details</strong> without being overbearing.</td>
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<tr>
<td>9. Applies reasonable <strong>pressure for goal accomplishment</strong>.</td>
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<tr>
<td>10. <strong>Empowers and delegates</strong> key duties to others while maintaining goal clarity and commitment.</td>
</tr>
<tr>
<td>11. <strong>Recognises good performance</strong> with rewards and positive reinforcement.</td>
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Source: Kreitner, Kinicki & Buelens (1999:8).

3.2.3 Role perceptions by employees

Role perceptions are the employee’s beliefs about what is required to do the job successfully. Role perceptions include both the specific tasks that an employee believes are part of the job and the attitudes and behaviours that an employee thinks are appropriate in terms of organisational culture. Many types of employee experiences, including interactions with customers, co-workers, and supervisors, form role perceptions. Managers can help clarify role perceptions by ensuring that employees have specific goals to strive for and by ensuring that an employee’s various goals do not conflict (Hellriegel et al, 1999: 488).
3.3 MANAGERIAL FUNCTIONS

The successful manager capably performs four basic managerial functions: Planning, organising, leading and controlling. The amount of time spent on each function depends on the level of the particular job. Most managers perform the four functions more or less simultaneously, rather than in a rigid, preset order to achieve organisational goals (Hellriegel et al: 1999, 10). These are described in the ensuing subsections.

3.3.1 Planning

Planning involves defining organisational goals and proposing ways to reach them. Managers plan for three reasons: 1) to establish a overall direction for the organisation’s future, such as increased profit and expanded market share, and social responsibility; 2) to identify and commit the organisation’s resources to achieving its goals; and 3) to decide which tasks must be done to reach those goals.

After managers have prepared plans, they must translate their relatively abstract ideas into reality, and this requires sound organisation (Hellriegel et al, 1999: 10).

3.3.2 Organising

Organising is the process of creating a structure of relationships enabling employees to carry out management’s plans and meet organisational goals. By organising effectively, managers can effectively coordinate human, material, and information resources. An organisation’s success depends on management’s ability to utilise their resources effectively and efficiently. It involves creating a structure by setting up departments and job descriptions (Hellriegel et al, 1999:10).
3.3.3 Leading

The leading is the next function after management has made plans, created a structure, and hired the right personnel for the job. Leading involves communicating with and motivating others to perform the tasks necessary to achieve the organisation’s goals. Leading does not only take place after the end of planning and organising; it is a crucial element of those functions, which occurs simultaneously with them (Hellriegel et al, 1999: 11).

3.3.4 Controlling

Controlling is the process by which a person, group, or organisation consciously monitors performance and takes corrective action. A management control system sends signals to managers about things that are not working according to plan and that corrective action is required. In a control, process managers set standards of performance, measure current performance against those standards, take corrective action to any deviations, and adjust the standards if necessary (Hellriegel et al, 1999:11).

The functions presented highlight the importance of the role and function of management and its significance towards the achievement of organisational goals. BCM’s adoption of the good practices presented could influence the organisation’s overall performance. The next section addresses the levels of management and their effect on organisational performance.

3.4 LEVELS OF MANAGEMENT

After briefly describing each of the four general managerial functions, the differences among managers at the various levels in organisations is considered in order to establish the relevant level that could produce the most impact on improving customer care at Buffalo City Municipality. These levels are approached from a strategic perspective, and a brief description of an operational perspective is given.
3.4.1 A strategic perspective level of management

The strategic perspective concentrates on strategic issues of the organisation, which are broad and focused on the long-term. This is applicable to the administrative unit at BCM known as corporate services, council’s strategic directorate.

According to Pearce & Robinson (1999:50), the decision-making hierarchy of a firm contains three levels. The levels are explained under the following headings:

**Corporate Level**
The corporate level is at the top of the organisational hierarchy, and is composed of directors, the chief executive and administrative officers. They are responsible for the firm’s financial performance and for the achievement of non-financial goals, such as enhancing a firm’s image and fulfilling its social responsibilities.

Attitudes at the corporate level reflect the concerns of stockholders and those of society. In a multi-business firm, corporate level executives determine the business in which the firm should be involved. They also set objectives and formulate strategies that span the activities and functional areas of these businesses. Corporate level strategic managers attempt to exploit their firm’s distinctive competencies by adopting a portfolio approach to the management of its businesses and by developing long-term plans for a five-year period.

**Business level**
The business level is in the middle of the decision-making hierarchy, and is composed of business and corporate managers. These managers translate the statements of direction and intent generated at the corporate level into concrete objectives and strategies for individual business divisions, or SBU’s (small business units).
Business level managers determine how the firm will compete in the selected product market arena. They strive to identify and secure the most promising market segment within that arena. This segment is the piece of the total market that the firm can claim and defend because of its competitive advantages.

**Functional level**
The functional level is at the bottom of the decision-making hierarchy, and is composed of managers of product, geographic, and functional areas. They develop annual objectives and short-term strategies in such areas as production, operations, research and development, finance and accounting, marketing, and human relations. Their principal responsibility is to implement or execute the firm’s strategic plans. Whereas corporate and business level managers centre their attention on “doing the right things” managers at functional level centre their attention on “doing things right”. They address issues such as the efficiency and effectiveness of production and marketing systems, the quality of customer service, and the success of particular products and services in increasing the firm’s market shares. Figure 3.1 below depicts the three levels of Basic Management.

![Figure 3.1](source: Hellriegel et al (1999:12))
3.4.2 An operational perspective of level management

The operational perspective determines mainly operational issues, which are applicable to the technical operations of council. The operational perspective is evident in the title differences within the levels presented in the strategic perspective by Pearce and Robinson (1999). These are described by Hellriegel et al (1999:12), as first line managers, middle managers and top managers.

The two perspectives, highlight the three levels of management's functions and activities as slightly different, but similar. The strategic perspective is evident in larger corporate service oriented firms. The operational perspective is largely applicable to smaller manufacturing concerns. However, functions from both perspectives can be applied to BCM, given its diverse nature of activities ranging from corporate to smaller operational units. The following section presents desired competencies for managers.

3.5 MANAGERIAL COMPETENCIES

Managerial competencies are sets of knowledge, skills, behaviours, and attitudes that a person needs to be effective in a wide range of managerial jobs and in various types of organisations. They deal with “what it takes” to be an effective manager (Hellriegel et al, 1999:4).

Grote (2002), in a study on public sector experiences, highlighted that organisations were incorporating core competencies in their appraisal procedures, which is a demonstration of one of the key findings of best-practice management.

Competencies are discussed below according to Hellriegel et al (1999:5). They have identified six competences to be essential to managerial effectiveness. The competences are communication, planning and administration, teamwork, strategic action, global awareness, and self-management.
3.5.1 Communication competency

Communication competency is the effective transfer and exchange of information that leads to understanding between your self and others. This is council’s least effective competency, and will be discussed comprehensively in chapters four and six.

Managing people involves getting work done through other people; therefore, the communication competency is essential to effective managerial performance. Communication competency includes Informal Communication; Formal Communication, and Negotiation. Communication competency transcends to the use of a particular communication medium. It involves having a face-to-face conversation, preparing a formal written document, participating in a global activity such as tele-conferencing, giving a speech to a large audience, or using e-mail to coordinate a project team whose members work in different regions of the country. This is applicable to BCM’s extended area.

Communication is a dynamic give and take process that involves receiving messages from others, as well as sending messages to them. Besides speaking and writing, it involves listening, observing body language, and paying attention to up subtle cues people sometimes use to modify the meaning of their words.

Of the six managerial competences that were identified, communication is the most fundamental. It is used to accomplish tasks effectively through other people. Managers build social networks through informal communication and this is important to managerial work.

Managers spend a lot of their time communicating; it is therefore wise for recruiters to select people who can communicate effectively.
3.5.2 Planning and administration competency

The above competency involves deciding which tasks need to be performed, and then monitoring progress to ensure they are performed. Included in this category are: information gathering, analysis and problem solving; planning and organising projects; time management; budgeting and financial management.

Information gathering, analysis and problem solving are important and time consuming, however they are tasks that have to be performed. Customers are the source of useful information. Planning and organising projects means working with employees to clarify broad objectives, discussing resource allocations, and agreeing to completion deadlines. Managers are continuously required to optimise their time by effective time management. They are accountable for budgeting and managing financial resources in both profit and non-profit organisations. This competency is critical to BCM’s restructuring process towards improving customer relations as highlighted in chapter six.

3.5.3 Teamwork competency

Teamwork is a competency that involves taking the lead at times, supporting others who are taking the lead at other times, and collaborating with others in the organisation on projects that do not have a designated team leader. Managerial work involves simultaneously designing teams properly, creating a supportive team environment, and managing team dynamics appropriately. A distinction between the team members and a team leader can be misleading.

Designing the team is the first step for any team project and usually is the responsibility of a manager or team leader. It involves formulating goals to be achieved, defining tasks to be performed, and identifying the staffing required to accomplish the tasks. Team members should identify with the teams goals and feel committed to accomplishing them. Well-designed teams are capable of high performance, but require a supportive environment to achieve full potential. All members of a team require the competencies to create a supportive environment. In supportive environments, team members are empowered to
take actions based on their better judgement, without always first seeking approval from the team leader or project manager. A manager that has good teamwork competency respects other people and is respected and even liked by them in return. This competency is identified as a problem area for BCM in chapter four.

### 3.5.4 Strategic action competency

This competency involves understanding the overall mission and values of the company and ensures that actions of the manager and those of the people that are managed, are aligned. It includes: understanding the industry and the organisation and taking strategic actions. Managers and employees that understand the industry can accurately anticipate strategic trends and prepare for the future needs of the organisation.

This competency involves understanding the organisation and not only a particular unit in which a manager works, but also understanding the organisation as a system of interrelated parts. It includes comprehending how departments, functions, and divisions relate to each other and how a change in one can affect others.

A manager with a well-developed strategic action competency can diagnose and assess different types of management problems and issues that might arise, such a manager thinks of relative priorities rather than concrete goals and criteria. All managers, especially top managers, need strategic action competency. Top managers must perceive changes and be prepared to take strategic options. This includes executing specific plans that reflect cross-functional and cross divisional knowledge, assigning priorities, recognising management challenges, consideration of long term goals, and establishing tactical and operational goals that facilitate strategy implementation. The effective adoption of this competency at the BCM City manager’s office could lead to successful improvements towards the objective of this study.
3.5.5 Global awareness competency

The performance of managerial work for an organisation that utilises human, financial, information, and material resources from multiple countries and that spans multiple cultures, requires the Global awareness competency. Global awareness is reflected in cultural knowledge and understanding, and cultural openness and sensitivity. Knowledge about other cultures and an open attitude and sensitivity about cultural differences prepares people for working with people from other backgrounds.

3.5.6 Self-management competency

This competency involves taking responsibility for one’s life at work and beyond. Self-management competency includes: integrity and ethical conduct; personal drive and resilience; balancing work and life issues; self-awareness and development.

This section has discussed competencies required by management to be effective in achieving the intended service levels regarding improved relations. These competencies are skills required by BCM’s individual managers to be consolidated into the management team. The next section provides practical actions relevant towards BCM’s objective of improving customer relations using the skills discussed in the preceding sections.

3.6 HOW MANAGEMENT CAN IMPROVE CUSTOMER RELATIONS

"Management is identified with skills and leadership style" (Pearce & Robinson: 1999, 352). This section aims to provide potential solutions to BCM customer relation’s problem from best practices.

Management is about coping with complexity. Its practices and procedures are largely a response to one of the most significant developments of the 20th century, the emergence of large organisations. Without good management,
complex enterprises tend to become chaotic in ways that threaten their very existence. Good management bring about a degree of order and consistency to key dimensions like the quality and profitability. Leadership, by contrast, is about coping with change. More change always demands more leadership (Kotter, 1990: 104).

3.6.1 Connecting strategy with customers

According to Lawton’s article (2000), on using measures to connect strategy with customers - understanding customer satisfaction is marked by the ability to measure it. The use of strategic planning and customer surveys are attempts to understand and improve competitiveness. The focus on customer satisfaction has become intense, through the current evolution of business.

However, answering at least four of these questions could significantly accelerate the process:

- What is the organisation’s current state of enlightenment about customers, as reflected by organisational measures?
- Why should the organisation measure at all? What benefits can the organisation expect?
- What should be measured to drive change?
- How can the organisation measure so that the goals of customers and organisational initiatives can be integrated and achieved?

Lawton mentions three reasons why organisations should measure their performance.

1. To align the mission, strategy, values and behaviour (The importance of the mission was explained in detail in chapter two of this paper).
2. To improve the right things, this entails improving processes together with their outcome.
3. To numerically define the process of success. The measures selected should be effective in objectively defining success in terms of organisational priorities.
Once the organisation is clear on why to measure, the following process is to consider what to measure; Lawton (2000) breaks the job down to three kinds of measures:

1. Outcomes customers want to achieve. The speed at which customers receive their results translates to the organisation’s effectiveness.
2. Services that customers want to receive. A good service is one that can be used by a customer to predictably create the desired outcome.
3. Processes customers experience. Measuring production processes can help guide the organization to increased levels of efficiency. Exhibit 3.2 illustrates ten questions to be asked about an organisations improvement initiative.

**Exhibit 3.2**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>What outcomes are to be achieved by the improvement initiative?</td>
</tr>
<tr>
<td>2.</td>
<td>Which of the organisations products or services are most crucial in carrying out its mission? If yes, what are the ten most vital?</td>
</tr>
<tr>
<td>3.</td>
<td>What specific numerical objectives and due dates have been established for improving priority outcomes, products and services? Are they being met?</td>
</tr>
<tr>
<td>4.</td>
<td>Will both customer and employee satisfaction be improved? By how much?</td>
</tr>
<tr>
<td>5.</td>
<td>What is currently given higher organisational priority than customer satisfaction?</td>
</tr>
<tr>
<td>6.</td>
<td>What method is used to uncover customers’ priority expectations?</td>
</tr>
<tr>
<td>7.</td>
<td>Do employees know who the end-users are of the products and services?</td>
</tr>
<tr>
<td></td>
<td>➢ Created by themselves?</td>
</tr>
<tr>
<td></td>
<td>➢ Created by the enterprise?</td>
</tr>
<tr>
<td>8.</td>
<td>What formal processes ensure customers get outcomes and products they want?</td>
</tr>
<tr>
<td>9.</td>
<td>What are the rewards for initiative success? What are the consequences of failure?</td>
</tr>
<tr>
<td>10.</td>
<td>What return-on-investment is expected from the initiative?</td>
</tr>
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</table>

Source: Lawton, R (2000: 54-58)

“Without measurements, we are unable to monitor progress effectively and thus refine the improvement effort...To create appropriate measures, we need to look again at our customer’s needs and devise standards which closely represent him” (Vaivio, 2000).
3.6.2 Creating total customer satisfaction

Lawton (2000) believes that to create total customer satisfaction, the organisation should go beyond improvement initiatives. The goal is to outline the key issues and methods necessary to build a quality conscious culture responsive to the needs of both internal and external service customers. The organisation needs to demystify and reframe its approach and manage service quality, if it is to achieve a significant change. This includes recognising that service quality is not customer service, although customer service and relations are part of service quality and that significant change in customer satisfaction and cultural orientation can occur without initial massive training efforts. “Even if service quality and customer service are not synonymous terms, the ultimate objective is the same: total customer satisfaction.”

Lawton’s (2000) research has identified that using the following six-step process helps immeasurably in developing a new and systematic view of services in any organisation:

1) Define services as tangibles.
2) Differentiate customers by role.
3&4) Transform the voice of the customer into product design criteria, and then measure it (measuring it is management’s way of demonstrating care).
5) Unleash outcome-based innovation (true leadership in satisfaction requires divergent thinking).
6) Design for zero time (this step creates and delivers the product).

3.6.3 One-stop customer service

According to an American federal benchmarking Consortium, report (November, 1997), a large part of being a good service provider is to ensure customer service convenience. “One stop service offers a powerful antidote”. Under the one stop paradigm, all of a customer’s business is completed in a single contact; this could be face to face, via the telephone, fax, Internet or other
means of communication. This is an accessible and personalised means of customer service. It means an employee that meets a customer is readily able to serve the customer or is in a better position to transfer the customer to a person that can. This happens without sending the customer around to several people that are unable to assist immediately.

The report presented the following findings:

Strong leadership systems focus on customers, motivate employees, and implement their customer service vision. The leaders listen to their customers, have a clear picture of where they are going, and are not afraid to take risks and make difficult decisions. They engage their workers because they realise that it is impossible to achieve their vision without employee support and commitment. They acknowledge the critical importance of effective information systems to access data to customer service representatives quickly, easily, efficiently, and completely. The immediate access by front line employees to current and historical information about the customer and the organisation’s service and products is essential for one stop service.

Other findings included the value of strategic planning which ensures that customer service is provided within a coherent and cohesive system of vision, mission, and goals. Secondly, that a strong focus on employees, and their satisfaction leads to pride in their work and enhanced customer service. The report revealed that customer service should be designed and delivered seamlessly from a customer viewpoint and that customer driven operations lead to success.

One stop customer service provides the customer with knowledge and access to the organisation; it provides the organisation with a logical model of service provision and lets the organisation reap substantial benefits from efficient resources allocation, operational efficiencies, and the improvement of customer satisfaction (American federal benchmarking consortium report, November 1997).
3.6.4 Best Practices for service quality standards

The best practices observed by the American federal benchmarking consortium team were from the Malcolm Baldrige National Quality Award. This American award system works in a similar way to the South African Excellence Model, which is the highest level of national recognition for excellence that a South African organisation can receive. An excellence award focuses on results, including customer satisfaction. It is not given for specific products or services. For an organisation to be a recipient for this award, it has to have a system, which ensures a way of satisfying and responding to customers through sound leadership, and continuous improvement in the delivery of products and or services (South African Service Excellence Foundation, 2000).

They consist of the following:
  ➢ Leadership,
  ➢ Information management and analysis,
  ➢ Strategic planning,
  ➢ Human resource development and management,
  ➢ Process management,
  ➢ Business results, and
  ➢ Customer focus and satisfaction.

Leadership is identified as the catalyst for creating a services vision and instigating action. These are implemented through a system that is oriented to one-stop operations. The system begins with integrated, accessible business and customer information, which is collected, analysed, and used to support front line staff. The system has a viable strategic planning program, which is customer driven and recognises one-stop service as an organisational strategic goal. The system reflects a strong commitment to human resources hiring the right people and developing them to provide the best service. The system uses efficient business processes of process management and is designed with customer focus. The one stop service system yields both good business and
Motivation represents psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed”. Management needs to understand the psychological processes if they are to successfully guide their employees towards accomplishing organisational objectives (Kreitner et al, 1999:181).

Motivation should begin internally, and this occurs when an individual is “turned to one’s work because of the positive internal feelings that are generated by feeling well, rather than being dependent on external factors (such as incentives) to work effectively”. The positive feelings of power are a self-perpetuating cycle of motivation. According to studies presented by Kreitner et al, (1999:194), internal motivation is determined by three psychological states. These are

1) Experienced meaningfulness, where the individual perceives work as worthwhile or important by accepting the system of value.
2) Experienced responsibility, by assuming personal accountability for outcomes of the efforts engaged.
3) Knowledge of results, the person concerned has to be able to determine, on a regular basis whether or not that the results of the work are satisfactory.

Maslow presents a hierarchy of five needs on the belief that individuals are motivated through the attainment of these needs. They are

1) Physiological needs for food, clothing, and shelter.
2) Security needs; the desire for safety and stability, and the absence of pain, threat, and illness.
3) Affiliation needs; the desire for friendship, love, and belonging.
4) Esteem needs; the desire for self-respect, a sense of personal achievement, and recognition from others.
5) Self-actualisation; the desire for personal growth, self-fulfilment, and the realisation of the individual's full potential.

### 3.6.5.1 Systems approach theory on motivation

A systems approach theory according to Kreitner et al (1999: 185) suggests that performance problems are not primarily due to a lack of motivation alone. They are due to a combination of individual differences, which include motivation, and characteristics of the system within which an employee works. The performance formula indicated below indicates the other factors involved:

\[
\text{Performance} = \text{Level of ability} \times \text{level of skill} \times \text{Motivation} \times \text{knowledge about how to complete the task} \times \text{Feelings/emotions} \times \text{Facilitating and inhibiting conditions not under the individual's control.}
\]

It is apparent from the equation that motivation is a necessary but insufficient contributor to job performance. Managers are better enable to identify and correct performance when they recognise that poor performance is not isolated to inadequate motivation. The awareness can foster improved interpersonal relations in the workplace.

Managers should create challenging goals to activate the need for individual achievement, which is a desire to accomplish something difficult (McClelland Theory). It positively correlates with goal commitment, which influences performance. Challenging goals should be accompanied by a more autonomous work environment as well as employee empowerment to capitalise on high achievers (Kreitner et al, 1999: 189).

### 3.6.6 Systems thinking in the public sector

Systems' thinking is the discipline of seeing beyond what appears to be isolated incidents into deeper patterns. It is concerned with seeing interrelationships rather than linear cause and effect, processes of change rather than isolated
events. It looks at the whole and the parts as well as the connections between the parts in order to understand how systems operate. By understanding how a system works, an organisation is able to function more effectively and proactively. “We gain knowledge through analysis. We gain understanding through synthesis” (Trollip, 2002).

Systems thinking provide practical methods for:

- Looking outside in, in order to design the way that services are provided in ways that enable customers to receive what they want.
- Understanding and improving workflow in such a way that costs decrease as services improve.
- Using measures that guide understanding and improving performance. As the measures are used by people performing the work, to control and improve the work, thus increasing staff morale extraordinarily.
- Changing the role of managers from “managing budgets and people” to “acting on the system”.

Systems thinking bring about better service, lower costs, high morale and it establishes the means for continuous improvement. Systems frameworks show how to understand and improve performance through tried and tested actions. Systems’ thinking is a radically different way of thinking about the design and management of work over the past two years, Vanguard has been using systems principles to help the public sector to improve though practical knowledge (Vanguard, 2002).

3.7 RE-ENGINEERING THE ORGANIZATION TOWARDS CUSTOMER RELATIONS

Traditionally, governments are least likely to acknowledge and use innovative business design and techniques. Globally governments have transferred their responsibilities to the private sector. Generally, government bureaucracy determines the pace at which it accepts business innovation (Davis, 2002).
“Providing E-Government with Knowledge Management is no more challenging than incorporating Knowledge Management in an E-Retail store.” Understanding the principles of the services offerings, managing the process and consistently adding value from the onset, determines a balanced scorecard. Incorporating survey instruments involving all citizens, enables the mind shift to break down challenges. The return on investment is a requirement for the organisation, while the return on effort provides substantial incentive to the workers, especially with effective use and reuse.

Collaboration of end-to-end solutions encompasses a total service for the production of tangible outputs to customers and returns for the organisation. Human and customer capital determines what is required and the organisational capital establishes the processes, procedures and policies as a high level-supporting infrastructure (Davis, 2002).

### 3.7.1 E-Government

E-Government is viewed as a tool for enhancing the relationship between governments and citizens, improving public services and cutting operating costs in government. E-Government is an integrated website where anyone can process civil affairs through the Internet. The world’s first E-Government launched began operations on 1 November 2002. The Electronic Government computerises the process of civil affairs so that people are able to make inquiries or receive information through the Internet. The system shares all civil affair information of each administrative organisation (Daily News, 31 October 2002).

The U.S. government is embarking on a cleaning house project on the technology front in the same way as large businesses are, as stated by Norman Lorentz, who is helping spearhead President Bush’s E-Government initiative. Like the departments of many companies, the federal agencies are charged with finding ways to be more efficient, to standardise technology and move tasks to the web (Baertlien, 2002).
Technology is a catalyst for changing and improving government, argues Susan Rasmus, an intern in the U.S Office of Management and Budget working in the office of Information and Technology. She says technology allows organisations to rethink how they are structured, how to meet citizens’ needs. Rasmus further states, that E-Government is more than putting forms on-line, it requires officials to rethink why forms exist, it leads to discussions of what needs the agency must serve, and to what extent. She truly believes in the potential of E-Government, and believes that the government could be revolutionized by the Bush administration E-Government initiatives. Rasmus appreciates the best practices that are openly shared regarding E-Government (HBS Working Knowledge Online, 2002).

In Canada, a committee of federal, provincial, and municipal politicians has produced a report concluding that the Internet can be used to improve the effectiveness of democracy, voter participation, recruiting new members and fundraising. The report reveals that it would take politicians a little more money and effort to create a website that could be used to communicate with large numbers of people (Canadian Press, 2002). The majority of local officials use e-mail to obtain citizen’s views, strengthen policies, and promote debates according to a joint study by the Pew Internet & America Life project and the National League of Cities. Elena Larsen, a Pew researcher, says she believes mass e-mail campaigns are likely to be more beneficial for local officials. In additional their report reported that e-mail helped 56 percent of local officials to improve relationships with community groups (Sarkar, February 2002)

3.7.2 Knowledge management

Knowledge management is a term given to the process of capture, refinement, aggregation and sharing of data and information between employees, departments, subsidiaries and partner organisations to achieve a position of knowledge based competitive advantage. The term has gained more credibility as a means of measuring the value of software. The management of knowledge cannot be considered independently from organisational learning. The way an organisation manages its knowledge is linked to its learning potential in a direct
way. “To create knowledge, the learning that takes place from others and the skills shared with others, needs to be internalised reformed, enriched and translated into the company’s image and identity” (Lomax, 2000). The contemporary relevance and importance of Knowledge management amongst a few is the prevalence of service/ideas over product orientation.

3.8 CUSTOMER SATISFACTION STARTS WITH HR

Customer service is the most critical factor for the long-term success and future survival of the organisation. In the past customer, service was seen as the responsibility of the sales managers and tech-support team leaders. Recently the attitude has shifted. Increasingly, companies are recognising that HR (Human Resources) plays a seminal role in building a customer friendly culture. Throughout the business world, HR departments are focusing their efforts on improving customer satisfaction. They use HR activities such as hiring, training, coaching, and evaluation programs to give employees the tools and support they need to develop and nurture positive, lasting relationships with clients (Kiger, May 2002).

According to Kiger, (May 2002) evidence is compelling that HR practices can promote customer satisfaction and in the process improve corporate revenues. Kiger states that most service quality gurus say that hiring is the first and most critical step in building a customer friendly company. It is better to have new employees equipped with the right personal qualities to work with customers than to have to train new employees with these skills.

According to the American federal benchmarking consortium report (November 1997), despite the different products and services delivered by their various benchmarking partners, all the organizations they interviewed subscribe to the notion that “people, not technology answer customer problems”. The organizations invest time and money to hire the right people for the job; they train them fully, and empower them to solve customer problems. They understand that employee satisfaction starts with their jobs and working conditions, which are essential to satisfying customers. They make use of
continuous learning, on interpersonal and technology skills; and cross training to give their employees a broader picture of the organization, thus enabling them to solve problems. They establish career paths and develop future leaders by empowering their staff. They recognize and give feedback to their employees in a pleasant, efficient, and productive work environment.

3.9 SUMMARY

Intervention by management is vital and forms an integral part of quality service. This chapter has explored the impact of the application of management competencies in the achievement of organisational goals, and in particular customer service applicable to BCM’s strategic objective. Various authors and practical successful experiences have presented best practices from other organisations. Human resources are identified as an important factor to the success of this strategic objective.
CHAPTER 4
THE EMPIRICAL STUDY

4.1 INTRODUCTION

This chapter describes the broad methodology followed in the empirical part of this study. It consists of the methods used to conduct the study, where and when it was conducted; the subjects of the study and how data was collected, interpreted, processed and analysed. The purpose of this research is to review and synthesise existing knowledge from the literature and from practical experiences of the private and public sectors locally (South Africa) and internationally. It aims to investigate the existing situation and problems concerning customer relations at Buffalo City Municipality, as well as provide possible solutions. This is accomplished by exploring and analysing general issues of customer relations in council. The chapter concludes with the limitations of the study.

Hussey & Hussey (1997: 1) define research as a process of enquiry and investigation; they describe it as a systematic and methodological process using appropriate methods to collect and analyse data. Research is an instrument that increases knowledge. They argue that research must address a specific problem or issue, in order to set a definable objective for the research activity. Riley, Wood, Clark Wilkie & Szivas (2000: 7) concur by referring to the Oxford Minidictionary (1991 edition), which defines research as “study and investigation, especially to discover new facts”. They further state that research may be directed towards the confirmation of existing facts. They argue that it involves the creation of a new perspective on existing knowledge and need not presuppose the uncovering of new facts.

4.2 RESEARCH METHODS

Alveeson & Deetz (2000: 4) view research methods as a mode and a framework for engaging in empirical material. They define method as how one
develops research questions, how one attends to social reality, what vocabularies are used in clarifying and interpreting what emerges from the participants of the research. They also view it as how one achieves a level of systematization and logic in the way empirical material is used.

The research in this study is conducted through literature and empirical study. The empirical study involves a questionnaire, a sample and statistical analysis adapted to solve the main and sub-problems of the study.

**4.2.1 Literature survey**

A literature survey was conducted to establish what factors play a role in improving customer relations. The word survey means, “to look or see over or beyond” the casual glance or the superficial observation (Leedy, 1997: 190). A survey is a positivist methodology whereby a sample of subjects is drawn from a population and studied to make inferences about the population. When the population is small, it is preferable to collect data about each member of the population, however in council’s case, the population is large and therefore a sample of the whole population is used. This sample consists of internal customers situated within the former East London and King Williams Town local councils.

The study literature includes published and unpublished articles, newspaper articles, personal interviews, BCM customer relations’ workshops, books and Internet articles. The literature utilised covers both the private and public sectors. This is done with the intention of learning more from private sector practices, which seem to apply in both sectors. The private sector’s drive for service excellence as observed from the literature review is no longer unique to this sector, as the public sector also faces similar challenges with the threat of privatisation and politics in terms of service delivery.

The objective of this study is to identify effective customer relations applicable to Buffalo City Municipality, Management’s role and frontline staff by utilising successful private and public sector experiences. This is achieved by using both
practical experiences and research findings from other authors and organisational experiences.

4.2.2 Empirical study

The empirical study consists of:
(a) Questionnaire
A questionnaire is a list of carefully structured questions, chosen after considerable testing with a view to eliciting reliable responses from a chosen sample. The aim is to find what a selected group of participants do, think and feel (Hussey & Hussey, 1997: 161). Questionnaires are good at collecting information on facts and opinions from large numbers of people (Riley et al, 2000: 90). The population serviced by Buffalo City Municipality extends to +/- 130 000 rate payers, hence the questionnaire methodology was preferred. A questionnaire was compiled from the literature findings and staff interviews on areas of concern as stated by Hussey & Hussey (1997) above. The questionnaire was tested for quality of precision in expression, objectivity, relevance and suitability to the problem situation. The questionnaire was simplified into a brief, courteous, two-page document.

The layout of the questionnaire consisted of eight multiple-choice questions, where the participants were asked closed questions. They were required to select one applicable answer from a list of five predetermined responses. In the second question, the respondents were required to rank the list of predetermined items. They were given an option to add items on to the list that they considered important, but were not included in the given list. The last question was descriptive; the respondents were requested to propose actions to be taken in solving the underlying problem.

The questionnaire questions were developed from areas that were of concern to management and staff. The questions were structured to determine the level of understanding and acknowledgement of the existing customer service problem posed by the public. They were also designed to produce possible solutions to the problem from the people that deal directly with the public. The phrasing of
the questions was done using literature and through consultations with staff and management.

(b) A Survey
The survey, which was bound by research parameters, involved scrutinised observation of the status of council’s customer relations. The survey conducted is descriptive, concerned with identifying and counting the frequency on identified aspects of the selected sample for comparisons, which was performed by means of the questionnaire presented in point (a) above. The questionnaire consisted of eight multiple-choice questions, a rating question and a descriptive question. Internal customer attitudes to the service and customer relations’ levels at BCM are evaluated to find out the staff views. A record of these observations is maintained in the preceding chapters of the study in order to present findings and recommendations to council.

(c) Sample
A sample is a representative group of research subjects whose findings can be generalised to a larger population of the study (Chadwick, Bahr & Albrecht, 1984: 8). In this study, the population is large and therefore a sample of the whole population is used. This sample consists of internal customers situated within the former East London local council and King Williams Town areas. This includes staff from the satellite offices such as Gonubie, Beacon Bay, Gompo, Illitha, Dimbaza and Bisho.

Forty-seven of the responses were randomly selected from the frontline staff. The frontline line staff members extend to the entire Buffalo City, managed by eight managers in the main office and branch offices. The Customer Care division consists of 144 staff members, management included. The entire junior and middle management team together with one senior manager heading the department participated in this survey. A sample of 47 frontline staff members, who were randomly selected, represents the total of the population within the city boundaries.

The front-line staff and management team are from the Financial Services Directorate, and Revenue Management is a department within this directorate.
The reason for choosing the Revenue Management Department is that it deals directly with the day-to-day transactions, opening and closing of accounts and customer queries. This is the entry point of interaction with the municipality. Therefore, the questionnaire was handed out and explained to BCM’s Customer Care management team of eight and frontline staff of 144, where 47 of the frontline responses were randomly selected.

(d) Statistical analysis
The statistical procedures used in interpreting and analysing the data were determined in consultation with the PE Technikons’s statistician at the time the questionnaire was drawn up.

4.3  METHODS OF DATA COLLECTION

Data is described as either qualitative or quantitative (Hussey & Hussey, 1997: 150). The data collection method utilised in this study is a combination of the two methods.

Alveeson & Deetz (2000: 9) quote van Maanen’s (1988: 9) definition of qualitative methods as an array of interpretative techniques, which seek to describe, decode, translate and come to terms with the meaning, not frequency of naturally occurring phenomena. This type of data collection has been covered in chapters two and three of this study.

The analysis of the questionnaire results in chapter four presents a quantitative approach, based on the material covered in chapters two and three. Quantitative data is numerical data and qualitative is nominal (named) data (Hussey & Hussey, 1997: 140). The useful step in the analysis of data is to examine the frequency distribution for each variable. A frequency is a numerical value, which represents the total number of observations for a variable under study (Hussey & Hussey, 1997: 191). The tables in chapter four are reflective of this explanation.
A quantitative approach consists of interviews (Alveeson & Deetz, 2000: 70). A quantitative approach is objective in nature and concentrates on measuring phenomena. It involves collecting and analysing numerical data, whereas qualitative data is more subjective in nature and involves examining and reflecting on perceptions in order to gain an understanding of social and human activities (Hussey & Hussey, 1997: 12).

4.4 STUDY ANALYSIS

Feldman (1995) contends that analysis of data is one stage in the process of research. Data analysis is preceded by gathering the data and succeeded by a process of relating interpretations to the question to be answered.

The results of the literature survey and the empirical study are analysed and integrated to develop a practical solution to how to improve customer relations at BCM. The literature survey has been covered in two chapters (two and four). Firstly, customer relations were introduced, and then analysed from the private and public sector perspectives. Trends that were utilised and recommended by the literature review were presented. Secondly, management’s role is reviewed and analysed with the aim of establishing how it could change the current situation at BCM. The perceptions from internal customers were presented as an outcome of a carefully structured questionnaire to highlight areas of improvement. The summary and recommendations will be presented in chapter six.

4.5 LIMITATIONS AND DELIMITATIONS OF THE STUDY

A limitation identifies potential weakness in the research and delimitation explains how the scope of the study research focuses on one particular area. These two aspects identify potential difficulties, which are discussed to ascertain whether they need to be resolved or are acceptable in the context of the research design. They signal issues, which must be addressed early during the course of the research (Hussey & Hussey, 1997: 129).
The limitations and delimitations encountered in this study are presented below:

- A major limitation to the study is the limited published literature on customer relations, especially in the South African public sector context. Customer relations are a new concept in the South African local government context. Previously government was only interested in service delivery, without concentrating on the manner in which the service delivery is given. The Systems Act that guides the operations on municipalities does not give clear guide lines on how to transform the local authorities to improved customer centred organisations. The focus is on service delivery.

- The transition in local government has a negative impact on staff participation, as some are weary of being open in their responses with the fear of having such a process as an elimination process of their positions. The transition process has also contributed to the instability experienced in the local arena currently.

- The organogram has not been finalised in BCM’s structure, whereby only the executive and senior management are permanent employees of BCM. The rest of the staff was employed by the former TLCs (Transitional Local Councils), which have ceased to exist after the merger.

- Another limitation is stereotyping amongst some senior individuals within the organisation who are resistant to change. These individuals have been in the municipality’s employ for extensive periods. As such, they are reluctant to give information with the threat of being replaced by younger staff members with new ideas. The political dimensions influence these resistances.

### 4.6 SUMMARY

This chapter has covered the way the study analysis was performed using the various methods available to the author in this type of research conducted. The participants of the research were mentioned accordingly, together with the
statistical analysis utilised. The chapter is concluded with the limitations encountered in the study. The next chapter concerns BCM’s frontline staff input on sound customer relations.
CHAPTER 5
BUFFALO CITY MUNICIPALITY’S FRONTLINE STAFF INPUT ON SOUND CUSTOMER RELATIONS

5.1 INTRODUCTION

This chapter presents the views that are portrayed by the Buffalo City Municipality’s Customer Care frontline staff and management team on how to improve on customer relations.

Relevant literature on the subject is utilised to support or criticize these views. The questionnaire was constructed using both literature and personal interviews from BCM staff and management (see annexure 1). Both BCM’s frontline staff and management completed the questionnaire, which was used to determine the level of customer relations within council and to obtain ideas on how to improve from the internal customer’s perspective.

The questionnaire is a two-page document consisting of two sections (A and B). Section A has eight multiple-choice questions that cover policy issues, customer satisfaction, commitment from staff and staff morale. Section B has two questions. Question one has a list of five aspects that were identified in the personal interviews as critical for success. The responses to question one were ranked in order of importance by the respondents. Question two requires the respondent to suggest ways of improving customer relations at BCM.

The responses from the questionnaire are summarised in a tabular form. The questionnaire has been split into two sets of responses. The first set of responses is from the management of the Revenue Management Department and the second set is from the frontline staff of the same department. An analysis and findings of these responses is detailed in the ensuing sections. The analysis begins with management’s responses and is followed by the responses of frontline staff. A comparison of these responses is incorporated in the frontline staff response analysis. The chapter concludes with a further
analysis of the integrated responses of both groups (Management and Frontline).

5.2 RESPONSES FROM MANAGEMENT STAFF

The responses in this section are responses from the management team of eight in the Revenue Management Department. Details of the responses are given below in the ensuing sub sections.

5.2.1 Management responses on section A of questionnaire

The first column in this section lists the questions as presented in the questionnaire given to the management of BCM’s Revenue Management Department. Eight respondents, namely the head of the department being the general manager and managers of Customer Care and Credit Control divisions, responded to the questionnaire. These divisions interact directly with external consumers within the department. Not all the respondents answered all questions, thus resulting in the number of respondents not adding up to the total responses.

<table>
<thead>
<tr>
<th>Questions</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. When last was the customer services policy revisited or rewritten.</td>
<td>7</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. How well do you know the details of the customer care policy?</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Are BCM customers happy about the quality of the service provided to</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>them?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Do you think Council’s customers are ever taken for granted?</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. As one of Council’s customers, do you believe there are any aspects of</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>the service that can be improved?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. What is the level of personal contact etiquette displayed by the average</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>staff member?</td>
<td>3</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. To what extent do you think council is proactive versus reactive in</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>trying to provide good customer service.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. How is the staff morale overall in council?</td>
<td></td>
<td>5</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(*The letters A, B, C, & D represent the multiple choice answer options detailed in annexure 1 at the end of this document)

Responses to questions one and two show consensus on the fact that there is no policy for customer service at BCM. The responses to Questions three, four and six indicate management’s unhappiness and concern regarding the
customer service given to BCM’s customers. Responses to Question five indicate that management believe that the situation could be improved. This is a positive sign because BCM will need management’s support to turn the situation around to a more customer receptive and friendly environment.

A majority of the respondents acknowledge council’s reactivity to their customer care activities. In question eight staff morale is accepted as being satisfactory to high, which is also good because when staff is motivated they can facilitate the drive for improvement in customer relations. This is representative of management’s perception of staff, and is interesting to observe staff’s response to the last question of section A.

**5.2.2 Management responses on section B of questionnaire**

Section B illustrates the areas that were identified as critical for improvement in the questionnaire and additional areas that were indicated by the respondents in order of importance. The lowest figure indicates high importance whilst the highest figure indicates low importance in order of ranking. The individual responses were allocated points, as indicated by the respondents. The points were added up and divided by the total number of respondents to each area of improvement. The formula used determines the average point on each area of improvement.

From the ranking in Table 5.2, policy and procedures rank the highest, because it has the lowest figure. This means policy and procedures were identified as the most critical area for improvement by management. This coincides with the responses to questions one and two of section A, which clearly indicated that there is no customer service policy. The next area of importance is training and communication, and these are ranked equally at second place, followed by cooperation and coordination on third. The fourth place is jointly placed at empowerment of staff, image, work ethics, motivation and learning from the public sector.
Table 5.2 Responses to Section B, Question 1 of the questionnaire

<table>
<thead>
<tr>
<th>Areas for improvement</th>
<th>Ranking in order of importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Training</td>
<td>12/5 = 2.4</td>
</tr>
<tr>
<td>2. Customer Support</td>
<td>13/4 = 3.25</td>
</tr>
<tr>
<td>3. Policy &amp; Procedures</td>
<td>8/4 = 2</td>
</tr>
<tr>
<td>4. Communication</td>
<td>12/5 = 2.4</td>
</tr>
<tr>
<td>5. Cooperation/Coordination</td>
<td>20/5 = 4</td>
</tr>
<tr>
<td>6. Empowerment of Staff</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>7. Councils Image</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>8. Work Ethics</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>9. Motivation</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>10. Private sector Influence</td>
<td>6/1 = 6</td>
</tr>
</tbody>
</table>

5.2.3 Management responses on question 2 of section B

In this question, the first column indicates the suggestions presented by management on how to improve customer relations. The second column indicates the number of respondents that provide the same suggestion for improvement. Thus, the number of respondents to the same suggestion indicated, leads the writer to conclude that the higher the number of respondents on one suggestion, the higher the need for improvement in the specified area as this concurs consensus on the area identified.

Table 5.3 Responses to how the identified areas in question 1 of section B can be improved?

<table>
<thead>
<tr>
<th>How to improve (By)</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Finalisation of the structure and placement</td>
<td>3</td>
</tr>
<tr>
<td>2. Drafting and implementation of policies and procedures for each task</td>
<td>1</td>
</tr>
<tr>
<td>3. Training of internal (Staff) and external customers (all stakeholders)</td>
<td>3</td>
</tr>
<tr>
<td>4. Effective communication</td>
<td>3</td>
</tr>
<tr>
<td>5. Minimisation of existing bureaucracy</td>
<td>2</td>
</tr>
<tr>
<td>6. Improvement in the installation, maintenance and use of existing management systems</td>
<td>1</td>
</tr>
<tr>
<td>7. Improving on work ethics by both staff and management</td>
<td>1</td>
</tr>
<tr>
<td>8. Minimisation of temporal employment</td>
<td>1</td>
</tr>
<tr>
<td>9. Increasing staff motivation</td>
<td>1</td>
</tr>
<tr>
<td>10. Improving on staff image</td>
<td>1</td>
</tr>
</tbody>
</table>

Finalisation of the structure, communication and training appear to be the most important areas of improvement. Training and communication are re-highlighted as important in this section thus stressing their importance to management. This is followed by the minimisation of bureaucracy. The rest of the identified areas for improvement are technical and functional. It is interesting to note that
management is also concerned about the improvement of staff morale, despite the satisfactory level they perceive to have.

The responses in table 5.3 indicate a common understanding of the customer relation’s situation at BCM, with a few exceptions. However, the majority of respondents concur on the need for improvement. The reconciliation of management’s perceptions and staff’s actual views is an important point of departure towards improvement. The next section presents frontline staff’s responses to the same questions responded to by management.

5.3 RESPONSES FROM FRONTLINE STAFF

This section covers the second set of respondents to the BCM questionnaire. The responses detailed below were obtained from the front line staff complement of 47 members. Frontline respondents answered the same set of questions. The following sections will analyse the frontline staff responses to the questionnaire questions.

5.3.1 Frontline staff responses to section A of the questionnaire

Question one and two in Table 5.4 indicate confusion regarding the existence of a customer service policy, since less than half of the respondents are aware of the policy’s non-existence. The frontline staff’s response on question three shows a commitment in their hard work towards customer satisfaction. They are aware that customers are not happy with customer service except for a few exceptions noted by four respondents. This observation is confirmed in question four of the responses with a majority of the respondents acknowledging that sometimes customers are taken for granted (see Annexure 1 for response options). This concurs the reason for improvement on BCM’s customer relations.

A minority of the respondents are happy with the service levels. However, the need for improvement is clearly highlighted by the responses to question five by
concurring that there are suggestions for improvement, which indicate some form of commitment and responsibility from the staff to improve service to the public they serve. Question six also agrees with the preceding two questions in their commitment to customers by wanting to improve because the staff cares about their customers.

It is interesting to note that staff feels that council is more reactive than proactive in trying to provide customer service, whereas the opposite was observed with management’s responses. Staff morale appears to be low, from 29 responses out 43. This is not a positive sign because unmotivated personnel cannot offer their best performance. This is very different to management’s perception of their staff’s motivation levels.

**Table 5.4 Summary of Responses to Section A of Questionnaire**

<table>
<thead>
<tr>
<th>Questions</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. When last was the customer services policy revisited or rewritten.</td>
<td>16</td>
<td>1</td>
<td>11</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>2. How well do you know the details of the customer care policy?</td>
<td>16</td>
<td>5</td>
<td>9</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>3. Are BCM customers happy about the quality of the service provided to them?</td>
<td>4</td>
<td>9</td>
<td>30</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4. Do you think Council’s customers are ever taken for ranted?</td>
<td>6</td>
<td>18</td>
<td>7</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>5. As one of Council’s customers, do you believe there are any aspects of the service that can be improved?</td>
<td>16</td>
<td>12</td>
<td>8</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>6. What is the level of personal contact etiquette displayed by the average staff member?</td>
<td>3</td>
<td>4</td>
<td>23</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>7. To what extent do you think council is proactive versus reactive in trying to provide good customer service.</td>
<td>5</td>
<td>5</td>
<td>23</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>8. How is the staff morale overall in council?</td>
<td>11</td>
<td>18</td>
<td>11</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

(*The letters A, B, C, & D represent the responses to multiple choice answer options detailed in annexure 1 at the end of this document)*

**5.3.2 Frontline staff responses to section B of the questionnaire**

This section was calculated using the same formula as in Table 5.2. The lowest figure calculated indicates high importance, whilst the highest figure indicates low importance in order of ranking. The individual responses were allocated points, as indicated by the respondents. These points were added up and divided by the total number of respondents to each area for improvement. The formula determines the average point on each area of improvement.
### Table 5.5 Summary of Section B, question 1 responses

<table>
<thead>
<tr>
<th>Areas for improvement</th>
<th>Ranking in order of importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Training</td>
<td>67/27 = 2.48</td>
</tr>
<tr>
<td>2. Customer Support</td>
<td>81/26 = 3.12</td>
</tr>
<tr>
<td>3. Policy &amp; Procedures</td>
<td>85/27 = 3.15</td>
</tr>
<tr>
<td>4. Communication</td>
<td>53/28 = 1.89</td>
</tr>
<tr>
<td>5. Cooperation/ Coordination</td>
<td>78/24 = 3.25</td>
</tr>
<tr>
<td>6. Moral</td>
<td>5/1 = 5</td>
</tr>
<tr>
<td>7. Education</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>8. Accountability</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>9. Levels of Management interference</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>10. Consistency</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>11. Languages</td>
<td>6/1 = 6</td>
</tr>
<tr>
<td>12. Salaries</td>
<td>6/1 = 6</td>
</tr>
</tbody>
</table>

It is clear from Table 5.5 above that the frontline staff place more emphasis on communication as it has the lowest average figure, which translates to being ranked at high importance. This is followed by the need for training. Customer support is valued as more important than policy and procedure from the responses, followed by cooperation and coordination. Communication and training are common areas to both staff responses and management at first and second place respectively. The common areas for improvement can serve as a starting point for improvement considering that both parties agree to their improvement in order of similar importance.

Additional individually identified areas by the frontline respondents include salaries, staff morale, levels of education from frontline personnel, accountability by staff, interference from management, consistency in instructions and consideration for all local languages. Management needs to analyse the additional factors mentioned, in an attempt to improve on them. The points mentioned can facilitate the improvement of the customer relations’ process.

#### 5.3.3 Frontline staff responses to question 2 of the Questionnaire

Training was selected as the most important need for improvement. This is evident from the 25 respondents that selected it as a way to improve. This is followed by the need for effective communication. The management
respondents ranked both training and communication as the most important as well in the same question. These were also identified as a means to improve customer relations. The introduction and re-enforcement of policy and procedures is rated third as a means to improvement and this concurs with management’s responses. This is followed by the need for service excellence and support from management.

Communication was highlighted as an area in need of improvement, specifically communication between management and staff. It was noted in the personal interviews that, staff sometimes read about council resolutions in the newspapers without receiving the information from their managers. They are then required to action such resolutions without the necessary information on how to go about it, which compromises customer service and service delivery. The subsequent cooperation and community participation that follows hinges on effective communication together with policy and procedure and, these are responded to, together with the need for finalisation of placement and delegation functions.

The rest of the responses consisted of individual responses (represented by one respondent, as indicated at the bottom of table 5.6). They include work schedules, security, improvement of access roads to pay points, recognition of work well done, regular meetings and enforcement of discipline.

Table 5.6 Summary of responses on how the identified areas in question 1 of section B can be improved.

<table>
<thead>
<tr>
<th>How to improve (By)</th>
<th>Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Training</td>
<td>25</td>
</tr>
<tr>
<td>2. Communication</td>
<td>17</td>
</tr>
<tr>
<td>3. Cooperation (between departments)</td>
<td>2</td>
</tr>
<tr>
<td>4. Service Excellence principles</td>
<td>3</td>
</tr>
<tr>
<td>5. Delegation</td>
<td>2</td>
</tr>
<tr>
<td>6. Placement</td>
<td>2</td>
</tr>
<tr>
<td>7. Work Schedules</td>
<td>1</td>
</tr>
<tr>
<td>8. Security</td>
<td>1</td>
</tr>
<tr>
<td>9. Reinforcement of policy and procedures</td>
<td>12</td>
</tr>
<tr>
<td>10. Induction</td>
<td>1</td>
</tr>
<tr>
<td>11. Support from management</td>
<td>3</td>
</tr>
<tr>
<td>12. Community participation</td>
<td>2</td>
</tr>
<tr>
<td>13. Improving access roads to pay points</td>
<td>1</td>
</tr>
<tr>
<td>14. Recognition of work well done</td>
<td>1</td>
</tr>
<tr>
<td>15. Regular meetings</td>
<td>1</td>
</tr>
<tr>
<td>16. Disciplinary actions on non performance</td>
<td>1</td>
</tr>
</tbody>
</table>
Thirteen of the frontline staff respondents did not respond to this question in section B. The assumption is that some respondents prefer not to elaborate on descriptive sections of questionnaires.

5.4 ANALYSIS OF INTEGRATED RESPONSES

The questionnaire has revealed firstly that there is a need for the establishment of a customer care policy. Both management and staff respondents reflect this in their responses, specifically in question one and two and throughout the questionnaire.

Secondly, there is concern regarding the level of customer service to council’s consumers. Staff and management care enough to correct the situation. Both management and staff acknowledge the need for improvement and they are prepared to offer solutions to assist the improvement process.

Staff morale is low according to the staff respondents (section A, question 2). This is attributed to a couple of factors, among others the broad issues include the lack of direction in a form of policy and procedure, effective communication, relevant training needs and staff needs which results in uncertainty due to the pending restructuring process finalisation (staff interviews, 14 November 2002).

Policy and Procedures

The new organisational structure at BCM has recently introduced a customer care division, which has not yet been approved by council. However, it is part of council’s strategic plans to have an operational and competent unit for customer care. A call centre has been established, with extended operating hours. This was a result of the increased complaints council received in the mail, from the community though their respective councillors, telephonically and through personal visits. After finalisation of the placement process the intention is also to complete the drawing up of the required policies and procedures (Muni-Teta, 2002). The process of drawing up the relevant policy and procedures has resumed.
Effective Communication

The issue of ineffective communication is evident in the mixed responses on the existence of a customer service policy. A survey conducted by Ash (2002) among management consultants revealed that companies that form strategies fail to implement them and they pointed to communication as the principal reason for failure. He further states that communication must become the business tool that provides continuity and interaction across a horizontal structure from the top down to achieve corporate goals and objectives.

Staff Training

The need for staff’s training requirement taps on two aspects. Firstly it confirms the need for a documented customer service policy and secondly, the need for trainable staff. This could be addressed in the recruitment process. “Most service quality gurus say that hiring is the first and most critical step in building a customer-friendly company” (Kiger, 2002).

Staff Needs

Management does not appear to be in touch with the staff’s state of job satisfaction. This is evident in the differing views on staff morale, however they agree on what changes need to take place. “A large part of achieving great customer service is keeping the employee happy” (Kiger, 2002). Management has to consider staff needs as well as organisational needs for its success on improving customer relations. By concentrating on customer perceptions and the organisation, managers can come up with ideas for improving service without spending more money on additional resources (Fenman, 2002).

5.5 SUMMARY

The questionnaire has revealed important aspects that have to be considered by management. The overall analysis of the questionnaire responses is meaningful because both management and staff acknowledge that a problem exists regarding the level of customer service. There is concern with the status of customer relations and both parties are willing to contribute towards its improvement.
Particular areas of improvement that require expedited attention from management have been identified in the study. Literature has revealed the value of human capital and effective communication. These are highlighted in both staff and management responses. The next chapter covers the conclusions and recommendations of the study.
CHAPTER 6
CONCLUSION AND RECOMMENDATIONS

6.1. INTRODUCTION

This chapter concludes the analysis of this study. Recommendations based on the study are presented. The aim of the research was presented in chapter one to identify factors that could assist Buffalo City Municipality to integrate and form a united team with one vision through its staff towards improved customer relations.

The problem statement has been stated as “How can customer relationships be improved in Buffalo City Municipality?” Following the problem are sub problems, which have been identified to deal with the main problem and offer possible solutions. The sub problems encompassed three factors, namely what literature reveals on how to improve on customer relations; what the employees of BCM think can improve customer relations; and what BCM management believes can be done to improve customer relations in the city.

The proposed structure of study entailed the chapters that have been covered by the study in an attempt to present a solution to the main problem. The rest of the study has been constructed from the sub problems. In chapter two literature was reviewed on the identification of effective customer relations applicable to BCM. The review was initiated by information on customer service in local government as determined by law and local government presentations. The review was succeeded by practices in the private sector and comparisons to those of the public sector. The current trends and experiences of customer relations in both the private and public sectors were presented together with their influence on improving customer relations. The information revealed in chapter two led to information covered in chapter three, which is on management’s role on improving customer relations. Literature as well as practical experiences from private and public practice in South Africa and other countries, especially the US and UK was reviewed.
Chapter five of the study covered BCM management and staff perceptions on how to improve customer relations. This was conducted by means of a questionnaire, which was completed by a sample of respondents. The questionnaire was analysed using the responses received. Both management and staff identified common areas of improvement. The areas identified are presented as recommendations in the remainder of this chapter, together with the lessons revealed in the literature review and successful practical experiences from public and private practices.

6.2. CONCLUSIONS FROM THE RESEARCH

The study has revealed that customer relations can be improved through customer satisfaction. In turn, customer satisfaction is about building long-term loyalty and relationships. One-stop service has been identified as a tool that satisfies both the internal and external customers (BCM customers staff and other role players).

The study has also revealed that BCM’s success on improving customer relations lies on the voice of the customer, which has to drive council’s operations. The importance of customer relationships has been identified to be equally important in public practice as well as private practice. The literature supported the notion that both sectors are business entities that have to survive the challenges of their business objectives in order to achieve their organisational goals. Customer centricity has been identified as the starting point.

Literature has highlighted the importance of Management’s role to the achievement of organisational goals and objectives. Practical experiences from other organisations and literature review concurs that the process starts with the organisation’s vision and mission statements. Objectives are developed to achieve the mission towards the organisation’s vision. Managers at different levels drive the process. Information and strategies are formulated and communicated to the lower levels of management in order to reach the staff that performs the intended tasks. This leads to the skills, and competencies required.
by management to effectively and efficiently carry out their functions, which were covered in chapter three.

The analysis and syntheses of information from BCM's frontline staff and management experiences together with perceptions offered a couple of possible solutions. The solutions were formulated from the results of an internal customer survey in the form of a questionnaire.

The results revealed the need for customer relations’ improvement and three main areas for improvement were identified namely:

1. **Effective communication**
   The need for effective communication is highlighted in chapter four as a result of politics and bureaucracy faced by BCM, which compromises communication between the decision-makers and staff. Political pressures emanating from the respective community needs increase the need for quick fixes, which results in limited or no consultations with staff on matters that directly affect them. This leads to resistance from staff on some of the decisions made, thus leading to low productivity levels.

   Bureaucracy slows down the communication process such that in most cases staff receives information way beyond deadline dates. This leads to continuous extensions of deadline dates, which results in inefficiency.

2. **Establishment of customer care policy and procedures**
   Staff performance and confidence from customers is compromised from the non-existence of customer care policies. The lack of these policies results in inconsistencies in the performance of functions and operations. This in turn leads to dissatisfied customers. In the literature review in chapter two the importance of setting standards and evaluation against these standards was highlighted.

3. **Training and development**
   The need for training and development has been identified as a continuous process in both the internal customer survey as well as in literature.
Empowering the human resource element has been identified as crucial to an organisation’s success. Knowledgeable staff provides better service.

6.3 RECOMMENDATIONS

Based on the literature review, practical experiences from private and public sectors, as well as staff and management input, the following are recommended:

- The customer has to be the focus of Customer Care operations.
- System thinking has to be exercised at all levels throughout council.
- Policies and procedures have to be drawn with the customer and staff in mind. The policies and procedures should be simple and easy to understand. Staff should be consulted for input in drawing up of policies and procedures, and resources should be allocated accordingly for them to be carried out efficiently and economically. The resources include personnel, knowledge, furniture and equipment.
- All processes should be communicated timeously and effectively to staff, using the available resources such as technology.
- BCM should engage in Customer Relationship Management and concentrate initially on the five capabilities listed below before extending to the rest of the principles mentioned in this study.
  1. Customer Service,
  2. Motivating and rewarding employees,
  3. Attracting and retaining personnel,
  4. Converting information to insight,
  5. Building selling and service skills.

BCM should continuously evaluate its performance in an attempt to achieve service excellence standards as set by the South African Excellence Foundation.
### Table 6.1

<table>
<thead>
<tr>
<th>WHAT MUST BE DONE</th>
<th>HOW</th>
<th>WHEN</th>
<th>BY WHOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Customers have to be made the focus of customer care operations.</td>
<td>Customer Care has to be included in Buffalo City’s Integrated Development Plan (IDP)</td>
<td>Immediately</td>
<td>Revenue Management Manager</td>
</tr>
<tr>
<td>2. Systems thinking have to be exercised at all levels throughout Council.</td>
<td>By empowering staff with an overall knowledge of council’s functions &amp; responsibilities through training. The incorporation of such training in induction programmes for new recruits.</td>
<td>30 June 2003 (After placements have been finalised)</td>
<td>Municipal Support &amp; Revenue Management Managers</td>
</tr>
<tr>
<td>3. The finalisation of the organogram and placements.</td>
<td>By making a final a decision and implementing it, on the presentations given by both staff and consultants.</td>
<td>3 January 2003 to 1 March 2003</td>
<td>City Manager and Management Services</td>
</tr>
<tr>
<td>4. Drafting of Job Descriptions</td>
<td>By implementing the processes acquired from the job description courses completed.</td>
<td>30 January 2003</td>
<td>Middle and Junior management</td>
</tr>
<tr>
<td>5. Drafting of policies and procedures</td>
<td>Through line managers consulting with staff and the human resources managers.</td>
<td>28 February 2003</td>
<td>Customer Care Middle &amp; Line Managers</td>
</tr>
<tr>
<td>6. Educating the communities and all stakeholders on the services provided by council. Together with council’s functions and responsibilities</td>
<td>Engaging in continuous community and stakeholder, Education programmes, utilising visual technology and documents.</td>
<td>30 June 2003</td>
<td>Customer Care Management Team in consultation with all directorates.</td>
</tr>
<tr>
<td>7. Training of frontline staff and management</td>
<td>Conducting an internal skill survey to identify existing skills and required skills, in order to develop the relevant training courses.</td>
<td>31 July 2003 and on going.</td>
<td>Customer Care Management team in consultation with Training and Development department.</td>
</tr>
<tr>
<td>8. Staff Motivation</td>
<td>Consulting with staff for input on new changes that may affect them directly or indirectly. Keeping staff informed timeously on changes. Engaging in staff motivation programmes</td>
<td>Immediately and on going</td>
<td>Chief Financial officer and Revenue manager through the Customer Care management team</td>
</tr>
<tr>
<td>9. Customer Relationship management principles</td>
<td>Educating management of the benefits of these principles</td>
<td>30 June 2003 &amp; on going</td>
<td>Chief Financial officer, Revenue Management Manager and Customer Care Management</td>
</tr>
<tr>
<td>10. Continuously improving customer relations</td>
<td>Adopting service excellence principles</td>
<td>On going</td>
<td>Customer Care management and staff</td>
</tr>
<tr>
<td>11. BCM should continuously evaluate its performance</td>
<td>Through regular customer surveys</td>
<td>On going</td>
<td>Customer Care Management team</td>
</tr>
</tbody>
</table>
6.4.1 The focus of customer care

The programme of implementation proposed by the author starts with the objective of this study, which is the improvement of customer relations. The customer has been identified as the center of business operations in chapter two of this study and throughout the study this has been concurred. Hence, it stands to reason that the customers are made the focus of implementation.

The IDP (Integrated Development Program) is council’s guiding document towards its plans of action as prescribed by legislation. All plans intended for BCM are documented in the IDP. Therefore the inclusion of improving customer relations as a project is the starting point towards officially registering the concern with the intention to solve it. All capital budget items are highlighted in the IDP. It is only items in IDP that are allocated a budget and prioritized according their urgency (BCM IDP Document, 2002).

6.4.2 Time frame

The time frames indicated in the proposal have been allocated in accordance to the importance and urgency of the problem. The mayor and city manager’s quest for improved customer relations have been presented in chapter one of this study. Literature review and practical experiences in chapter two have highlighted the link between organizations profitability to customer satisfaction. Staff and management’s concern highlighted in chapter five on the issue concur. The customers have presented their state of dissatisfaction with customer service levels in chapter one, which was stated during the mayor’s listening campaign. All stakeholders in BCM recognize the importance and urgency of addressing customer needs, hence the short time frames presented.

The time frames are achievable and the time for implementation is the present. It is the correct time to include the actions into council’s restructuring process as it progresses. Management is aware of most of the aspects presented in this
document; they were highlighted during personal interviews with the finance management team and have been presented to council’s administration unit.

6.5 SUMMARY

The lessons learnt from the study are practical and applicable to Buffalo City Municipality. Important aspects of the problem have been effectively highlighted in the study. This document serves to assist council in the implementation of the improvement strategies discussed in this document.

Further research is however required to integrate the other directorates involved within council in enhancing the customer services strategy presented. Service still remains the biggest challenge as South Africa enters the developed world. Management’s support and cooperation to this study indicates its importance and relevance to BCM’s problem.
REFERENCE LIST


Fenman. 2002. *Managing for Customer Care Description.* [www.fenman.co.uk](http://www.fenman.co.uk) [16 October 2002].


A Questionnaire on how to improve Customer Relations at Buffalo City Municipality

The purpose of this questionnaire is to help you (the staff member) and council get an analysis of the status of council’s customer relationships and how to improve from the current situation. The questionnaire has two sections A & B; you are requested to complete both comprehensibly for the complete analysis. Section A is the first part of the questionnaire with multiple choice questions, staff is required to mark one answer for each question.

The second part of the questionnaire, Section B covers “how to improve customer relations.” Please elaborate on your answers and be specific and to the point. This section will give us insight on your suggestions to improve on council’s service. On question one of this section, mark the areas that you feel require attention by ranking them using figures 1 to 6 on the box allocated (1- Indicating the highest priority and 6- indicating a lower priority in relation to the identified areas).

Please be as open and honest as you possibly can. Apart from yourself, no one will know your individual responses. A collective report will be produced from your individual responses. The report will be submitted to council in an attempt to improve on customer care. Attached herewith is annexure 1 of the questionnaire.
Section A

A. Kindly pick one of the five choices offered for each question by circling the appropriate letter.

1. When last was the customer service policy revisited or rewritten?
   a) There is no written policy
   b) Rewritten more than five years ago
   c) Rewritten within the last two years
   d) Updated every year
   e) The formal policy is updated constantly based upon customer needs

2. How well do you know the details of the customer care policy?
   a) There is no policy
   b) I know where to find it if I need it
   c) I know the policy reasonably well
   d) Learning the policy is part of our training, I know it well
   e) All staff are well trained in customer service, we live and breathe the policies

3. Are BCM customers happy with the quality of the service provided to them?
   a) Little to none
   b) There is concern about unhappy customers
   c) We work hard at providing good service in an effort to keep customers happy
   d) We enjoy high customer loyalty based upon great service
   e) Very few customers if any are unhappy about our level of service

4. Do you think Council’s customers are ever taken for granted?
   a) Yes- Frequently
   b) Sometimes
   c) Not very often
   d) Hardly ever
   e) Never

5. As one of Council’s customers, do you believe there are any aspects of the service that can be improved
   a) Yes, a great many
   b) I can think of a number of things we could do better
   c) I can think of a few things we could do better
   d) There are one or two things we could improve
   e) I cannot think of anything we could change
6. What is the level of personal contact etiquette displayed by the average staff member?
   a) Very poor, even rude on occasion
   b) Leaves something to be desired
   c) Usually pretty good, we seem to care
   d) Trained in personal contact and better than average
   e) Exceptionally well trained and skilful

7. To what extent do you think council is proactive versus reactive in trying to provide good customer service.
   a) Almost totally reactive
   b) Highly reactive
   c) More proactive than reactive
   d) Highly proactive
   e) Almost totally proactive – everything is well planned in advance

8. How is the staff morale overall in council?
   a) Very low
   b) Not bad
   c) Pretty good
   d) Very high
   e) Exceptionally high
Section B

1. In which areas does council need to improve, rank in order of importance?

☐ Training
☐ Customer Support
☐ Policy and Procedures
☐ Communication
☐ Cooperation/Coordination
☐ Other (list if more than one)

  __________________________
  __________________________
  __________________________

2. How do you suggest the identified areas can be improved?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________