TQM Practices in Travel Services—A Case Study

G Karthikeyan
Department of Management Studies, Anna University, Chennai 600 025, India and
M Thenmozhi
Industrial Engineering and Management Division, Indian Institute of Technology, Chennai 600 036, India

In this paper the conjecture is that the quality of its service enables a company to satisfy and retain customers. It is only the process capability that enables a company to do so profitably and consistently in the long run. A case study of effective Total Quality Management (TQM) practice by an Indian company shows that the best practices in TQM implementation, particularly in the travel services are: providing information to reduce transaction and waiting times, using feedback to identify new segments and customer expectations, designing various customer opinion capturing devices for different operational needs and logging, monitoring, analyzing and stipulating deadlines for solving problems and implementing schemes. The findings of the study may provide useful points for companies intending to benchmark against those appropriate to them.

Introduction

Total Quality Management (TQM) is creating a revolution in manufacturing and service organisations throughout the world. TQM involves everyone in an organization and associated business processes in furnishing products and services that satisfies the customers' needs and expectations. However the process of achieving this varies from one sector to another. Quality in the services rendered enables a company to satisfy and retain its customers. Here the focus is on total customer satisfaction. Simultaneously the ability of the system to respond to any given situation is determined by its process capability. This enables a company to repeat its performance profitably and consistently. Nevertheless, different types of industry/service sectors strive to achieve this in their own unique manner. Many research studies have shown that a common procedure is capable of being identified and institutionalized for implementing TQM. This paper presents a case study of how a travel related services company implemented TQM for better customer satisfaction. It also highlights using transactions research (Figure 1) the best practices to be followed by companies intending to benchmark their activities.

DTRS Quality Initiative

Druck Travel Related Services (DTRS) is an independent division of a Bank handling its traveller’s cheques, credit cards, and corporate travel businesses. The primary objective of DTRS is to monitor its performance against :(i) The vision which is “to be the world’s most respected service brand” and (ii) The strategic objective: “to improve quality of service over the levels achieved by the competitors”. In its pursuit to excel and perform better, it decided to conduct a survey of the establishments that accept its credit cards. The company had deployed a customer satisfaction measurement model to identify the satisfaction levels of its customers. This tool also ranked key “satisfiers” and “dissatisfiers”, according to the weightage given by the consumers. The main aim was to identify their ranking against the levels achieved by their rivals. The results of the survey revealed that some of the stores were very unhappy with their services. On further probing, it was found that DTRS was normally taking at least 7 d to settle any bill that a shop...
presented to it and nearly 50 per cent of the bills were not being cleared for an average of 11 d. Moreover, DTRS learnt that the speed with which it cleared the bills was the single most important factor in determining the satisfaction levels of shopowners. While all other banks cleared its bills in just 1d, DTRS performance on this very important parameter was way behind (Figure 2).

Hence the company worked overtime to bring down the cycle time from 11 d to just 1 d. It pursued a problem-solving technique that involved, a multifaceted approach. It started with, re-engineering the workflow, outsourcing some strategies instead of doing them in-house, and learning the best practices for fast document handling from a courier company. It decided to focus on a customer feedback to keep track of their performance, as well as to continuously improve their quality of service. It evolved a Druck Travel Related Service Quality Leadership (DTRSQL) model to collect customer feedback periodically and link the output from the model to for-
mulate strategies for action. This model is derived from the criteria for the Malcolm Baldridge National Quality Award in the US. The payoffs from this feedback process has been enormous.

**DTRS Model**

DTRS model for its service was designed by a global service quality consultant, and its goal was to achieve services of international acclaim. At its heart are the core attributes of the product, which meet the customer's basic requirements. The second ring comprises the support services, which serve to satisfy the customer. The third, and outermost, ring comprises those enhanced features that delight the customer; factors, which are normally the outcome of spontaneous improvisations from employees. DTRS quality strategy, however, is to institutionalise these "add-on services" into the second ring. Only then, will it have a competitive edge over rivals who are all trying to satisfy the customer. But this involves identifying what delights the customer instead of leaving it to individual initiative. That is why customer feedback drives the system. Listening to customers, using feedback to design service and satisfy customers and evolving strategies for delighting the customer is the prime emphasis of the model.

**Customer Feedback Process**

In order to inject quality into the process of collecting customer feedback, DTRS quality team follows many methods. Three of them are explained below:

(i) Map the process flow of customer-interactions to devise new forms of gathering customer feedback. When the analysis of customer interaction revealed that their were several instances when the company was forced to deny a customer request the quality team used this information to devise a test-declines research-to measure why and how many times this was happening.

(ii) Convert every point in customer interaction into a listening post. Each "frontline employee" is asked to fill in the customer's responses in a structured manner, the yellow ticket, in DTRS jargon.

(iii) Use a variety of mechanisms in order to listen to the same customer. Thus, a card member will be asked for feedback four times a year, through formal market research, a visit from a frontline staffer, a mailer, and follow-up telephone research.

Each piece of information that originates from customers, particularly complaints, is handled using a "precise algorithm". After being logged into a computerized databank to facilitate retrieval and monitoring, a complaint goes through two steps (Figure 3). At the first level, it is assigned for resolution and the process is recorded. At the second level, it becomes part of the input for the complaint analysis that is carried out at regular intervals in order to create a checklist of pitfalls to be avoided. As an individual piece of information, of course, each unit of data gathered from customers becomes input for product design and redesign. But more importantly, all the information gathered are used for a more strategic purpose too.

**Customer Listening Devices**

The goal of collecting "customer feedback" is to consolidate all the meaningful information that can be used as an input for an institutionalised Druck Travel Related Service Quality Leadership (DTRSQL) model. This is used by DTRS for its total quality management movement. The three goals that the process of customer listening must be concerned with are:

(i) Serve to identify customers and determine their requirements. This is an important input for the DTRSQL model.

(ii) Define measures of success with which the performance of DTRS can be measured and compared.
(iii) Indicate the extent of customer satisfaction in absolute terms as well as relative to competitors.

Thus, DTRS employs only those methods of customer-listening devices that produces the above results.

In actual terms, this involves assessing the operations at various levels. For instance, to measure performance in the credit cards business, the highest task involves the use of customer listening to measure card-member loyalty levels. This, in turn, involves measuring overall cardholder satisfaction levels, which leads to the determination of the in-
puts and their attributes. Using its customer listening devices, DTRS collects important data for decision making.

For instance, it has learnt that the acceptance of the credit card at different establishments influences to a large extent customer’s decision about whether to buy that particular credit card or not. The three other factors governing the decision were: acceptability with pleasure (both in India and abroad), not having to worry about spending limits and problem-free charge approval. This information then becomes the inputs for decisions on “how to redesign existing credit cards and design new ones?”

On the other hand, when the focus is on tracking small, transient issue, DTRS designs dipstick surveys to extract information from individual customers, sometimes, in a less structured form in order to give more importance to individual viewpoints. For instance, to gauge the quality of the interaction between an employee and a card-member at the company’s travel services counter, DTRS uses transactions research. Similar to the other forms of customer listening, the steps here are clearly mapped out in order to ensure that the process is completed flawlessly. The area for the research is identified usually, at a DTRS counter. The sample interview is chosen, the choice is validated to ensure that his responses will be meaningful, the questions are asked, the findings are communicated to the central hub, suitable action is taken, and more transaction research is done to test the efficacy of the corrective effort (Figure 2) when it comes to listening to the customer, the executives are empowered to go all out and “climb an un-heard-of tree if necessary”.

The parameters that must be conformed to by each of DTRS’s customer-listening devices are clearly listed. Together with this the devices to achieve this must also be designed. This would enable ideal matching of the devices to the goals according to the specific needs they must serve. These are implemented only when tests clearly validate their ability to deliver the kind of information that they are meant to particularly, it uses the required information content to determine the precise form of the feedback-gathering mechanism.

### Processing Customer Feedback

DTRS breaks down the need for customer information into individual categories of data such as customer expectations information, customer relationship management and customer satisfaction determination (Figure 2).

Processing customer feedback, involves three stages. The first stage consists of market research and related activities such as environment scanning, segmentation etc. to determine the customer expectations. The second stage consists of focused studies such as access to customer, transcriptions based surveys, customer focused group, lost customer analysis, etc., to prepare the relationship strategies. The third and last stage consists of assessing customer referrals, new customer registrations, subscriptions renewals etc. to determine the level of customer satisfaction.

Based on its feedback from various listening processes, among the services that DTRS designed—are a valet service at airport and for card-members. Subsequently, another card, a signature-on-file service for card-members, which allows credit card transactions to be carried out over the phone was also designed. Moreover the practical use for which the information is used helps to identify the gaps in the data, which are plugged by the time the research is repeated. Furthermore attempts to segment the market, to identify emerging customer needs that may be profitably satisfied with new products, or to reduce the processing terms, honoring bills received or promptness in answering queries etc. and to analyze dissatisfaction factors are researched with the data collected through the customer feedback.

### Best Practices

- The best practices distilled from the above are:
  - Listen to the customer continuously and not at discrete intervals.
  - Design “varying customer-listening devices” for different needs.
  - Convert every point of customer interaction into a listening post.
  - Use feedback data to update, monitor, and correct complaints.
— Use feedback to identify new segments and customer expectations.
— Use feedback to monitor customer satisfaction.
— Use feedback to evolve new products and services.
— Use feedback for evolving customer relationship management strategies.

Thus the case shows that service quality enables a company to satisfy and retain customers and listening to customer is key in initiating the process towards TQM. The best practices identified can be useful points for companies intending to benchmark their activities and thereby achieve excellence in their operations.

Bibliography

About the authors
Dr G Karthikeyan, is a PhD in Operations Management from the Indian Institute of Science, Bangalore. He is a post-doctoral fellow from The Ohio State University, Columbus, USA. He currently teaches at the Anna University, Chennai. He has published about 25 research papers in the area of Quality Management/ Materials Management/ Information Systems, etc. He has coordinated several industry oriented programs, research projects, and guided several theses.

Dr M Thenmozhi holds a PhD in the area of Finance. She currently teaches at the Indian Institute of Technology, Madras. She has published about 25 research papers in Financial Management/ Information Systems/ Quality Management, etc., and guided several theses. She is actively engaged in industry oriented research projects and the teaching programmes of various institutions.