



# What gets measured

## Ensuring Customer Satisfaction at Enterprise Rent-a-car

Over the years, Enterprise has built its success on a relatively simple business model that carefully balances four critical success factors - customer satisfaction, employee development and advancement, fleet growth and profitability. In practice, we think of it as a virtuous circle:

- Smart, well-trained employees who are passionate about our business provide exceptional customer service.
- Customers, who have a good experience and receive good value, not only come back, but tell others about Enterprise.
- As the number of new and repeat customers grows, so does our company -- offering employees plenty of opportunities to expand their responsibilities and advance their careers.
- As employees progress through the ranks of management, they are rewarded with a percentage of the profits from their individual operations. So, they have a strong incentive to strive

for even better ways to profitably serve their customers ... and grow their operations.

- A growing business leads to greater opportunities for advancement, helps Enterprise attract more top talent ... and the circle of success continues to turn.

A decade or so ago, however, this circle was getting a little out of round. We were growing our rental and leasing fleet at a dramatic rate, and growing it profitably. We were creating tremendous opportunities for our employees. And we were serving more customers than ever. But we weren't convinced we were serving them as well as we should be. In fact, we had real concerns that we were sacrificing customer satisfaction for growth. The steps we took to confront and overcome this challenge, I believe, offer some valuable lessons for any business that stakes its success on winning and keeping customers with outstanding service.



That's not to say we ignored customer satisfaction. Like most companies, we certainly talked a lot about it. But, while we kept detailed measurements of our performance on our other success factors, we weren't doing much to measure the quality of our service. So, we started to measure it. And, frankly, we didn't like what we saw.

Our early research grew out of our first consumer advertising program, which we launched in 1989. We did a national consumer survey on the effectiveness of the ads ... and on overall awareness of Enterprise. But we also threw in some questions on customer satisfaction. As we tracked the results over the next five years ... we saw that our customer satisfaction measurement wasn't improving. In fact, it was getting worse.

We also were hearing more and more stories from friends and associates who'd

had a bad experience at one company location or another. So, in 1994, we decided to ramp up our customer satisfaction research. We expanded from one national sample to a sample of each of the 50 or so regional operating groups that comprised our company at the time. We named this new measure the Enterprise Service Quality index, or ESQi.

As we proceeded with this group-by-group sampling, the good news was that we were getting a handle on which operations were doing well and which ones had work to do. The bad news was, we had a lot of work to do - because our overall scores weren't getting any better.

Then, in the fall of 1996 - at our annual general managers' meeting - our company's founder and chairman Jack Taylor did something quite out of character for a company as decentralised as ours has always been. He issued what

amounted to a corporate edict. He told our senior leadership team that their absolute top priority was to improve customer satisfaction. And to do that, we would begin keeping monthly customer satisfaction scores for every local branch.

Actually, the position Jack took was part of a one-two punch. Our current chairman, Jack's son Andy, (who was then president and chief executive officer) followed up with a declaration of his own. He told the group that going forward, any Enterprise general manager whose customer satisfaction score was below the corporate average would be automatically disqualified from consideration for our company's President's Award. That's an annual award that recognises those general managers whose groups had the best performance during the year. And it is no ordinary award; it is virtually a prerequisite for further career advancement at Enterprise.



“ IF IT AIN'T BROKE, DON'T FIX IT..... WE'RE GOING TO FIX IT ANYWAY ”

This call to action on customer satisfaction generated a fair amount of controversy. One issue was cost. To get statistically valid data for every one of our more than 6,000 neighbourhood and airport branches, we have to conduct close to 200,000 customer surveys a month. We didn't have as many branches back then - but it still represented a significant investment. And each branch had to cover its share out of its bottom line.

On top of that, we were having a record year. We were achieving double-digit growth in both earnings and revenue. So, we also had to deal with an attitude of, "If it ain't broke, don't fix it." But we had two things in our favour. One, Jack and Andy said, "We're going to fix it anyway." And, two, we were eventually able to prove from our survey data that completely satisfied customers were significantly more loyal than those who were only "somewhat" satisfied. That's why the ESQi score is based on complete customer satisfaction. I will return to that point below.

But first, let me describe how the ESQi process works. We ask a random sample of customers how satisfied they were with their last rental experience. They respond on a five-point scale, with a five being

completely satisfied and a one being completely dissatisfied. Every month, the branch managers get a report that lists their ESQi score -- the percentage of the branch's customers who were completely satisfied with their Enterprise experience. In fact, this score appears right next to their branch's profitability for that month. We also publish everybody's scores internally, along with the company average.

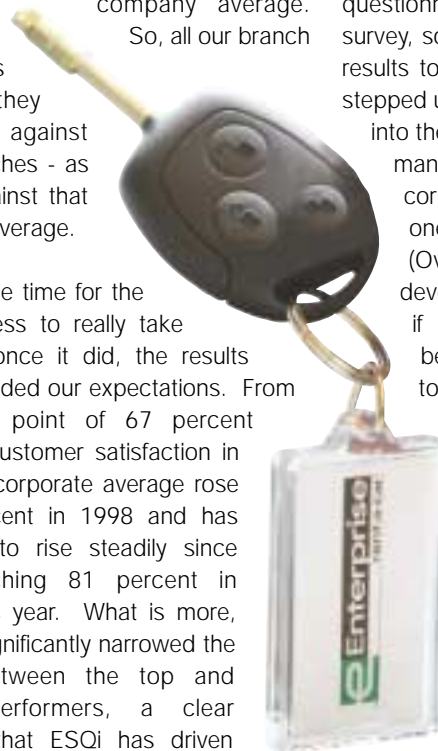
So, all our branch managers see how they stack up against other branches - as well as against that corporate average.

It took some time for the ESQi process to really take hold, but once it did, the results really exceeded our expectations. From a starting point of 67 percent complete customer satisfaction in 1994, our corporate average rose to 72 percent in 1998 and has continued to rise steadily since then, reaching 81 percent in Europe this year. What is more, we have significantly narrowed the spread between the top and bottom performers, a clear indication that ESQi has driven

more consistency in our customer service.

Clearly, ESQi was the right move at the right time. And despite some initial pushback, our management team threw their support behind it. In fact, once the process was firmly in place, our general managers not only got on board with ESQi, they asked us to switch from mail questionnaires to a costlier telephone survey, so that we could get the monthly results to them more quickly. They also stepped up and put some additional teeth into the system. They told their branch managers that being at or above the corporate ESQi average would be one of the criteria for promotion. (Over time, our managers developed a term for what happens if a branch manager's score is below average. It's called going to "ESQi jail." And it's a place you don't want to be, if you can help it!)

We learned some important lessons in the process of making ESQi a key part of our operations. Along the way we challenged some common myths about measuring customer satisfaction.





### Myth One:

**To increase customer satisfaction, you have to give away the store**

Some of our general managers were afraid their local branch managers would rely too much on giveaways -- that they might sacrifice too much in profitability to increase their scores. From the beginning, though, some of our most profitable groups have also had very high service quality scores. We've found that outstanding basic service, not giveaways, leads to higher scores. The idea wasn't to play service off against profits, but to strike a healthy balance between the two. And ESQI has helped us do just that.

### Myth Two:

**Good managers already know where they need to improve**

Initially, a number of general managers told us they knew where their service problems were. Surveys, they insisted, wouldn't tell them anything they didn't already know. So, we surveyed them. Without showing them the initial batch of local branch results, we asked a number of these executives to tell us which of their branches were above average, and which were below. Their success rate? Fifty percent - about the same as pure guessing. Our general managers are very smart people, but even they had to admit they didn't know it all -- and that ESQI could be a valuable management tool.



### Myth Three:

**There's not that much difference between "somewhat satisfied" and "completely satisfied"**

On the contrary, we have learned that there's a big difference. And the difference is loyalty ... as measured by repeat business. As I noted above, the ESQI corporate average that everybody tries to meet or beat is based on complete customer satisfaction. We call it "top box" satisfaction, based on the customers who checked off the "completely satisfied" box on our initial paper surveys. Our research shows that fully satisfied customers are three times more likely to rent from us again than those who are somewhat satisfied. Three times. And that's customers who actually do come back, not just people who say they will.

### Myth Four:

**Complete satisfaction means perfection**

That's simply not true. To illustrate why, here is an excerpt from a letter one of customers sent to our chairman Andy Taylor:

"I have been renting cars for over 30 years. I have held premier status with all the major rental companies during that time. I generally view them as commodities because that is how they treat their customers, regardless of their past loyalty. So, in these days of



**Jim Burrell**

Senior Vice President of European Operations for Enterprise Rent-A-Car

"Customer No-Service," it is refreshing to experience the following:

- To be offered cold drinks on a hot summer day.
- To be recognized and addressed properly by your last name ... pronounced correctly, by the way.
- To be telephoned the day after you rent a car just to make sure everything was okay.
- And to be treated in an extremely professional and personable manner during the entire experience."

The customer went on to praise the assistant branch manager who worked with him. In fact, he even recommended her for a promotion. Sounds like a perfect customer service experience, right? Wrong. What the customer didn't mention, is that he was in three different cars during his rental. He wasn't satisfied with the first two cars, but the way our people handled the situation left him completely satisfied with his experience.

There is an old saying that, "what gets measured, gets done." ESQI has certainly demonstrated the truth in that saying. Our company learned a great deal in the course of developing and implementing this process. I hope some of what we've learned is useful to you as you think about new and better ways to keep your own customers coming back. **S**