CHAPTER 1





In a fast changing competitive world of constant development, where competition between companies were largely relied on both the "economy of scale" and "economy of speed" factors, or in less mouthful word commonly known as price and speed respectively.. Economy of Scale was the conspiracy introduced at the beginning of the technology era, which was then followed by Economy of Speed: both believed to have influenced the way ones companies formulate strategies.

In the later stage of technology era, which is round about time present, both price and speed alone are not any longer enough for ones to stay competitive in the market especially when customer has became the centre focus of any companies' main reason of survival. Hence *Service* is indeed another facet to ones organisation competitiveness. Ones that do not put customer at heart may fail to stay competitive if at all in the business.

Service, thus, became a common practice of this recent decade. It is absolutely compulsory in managing customer loyalty. Statistically 20% of the regular customers generate about 80% of the total income; it is much easier and cheaper to keep a customer and cross sell other products/services to that customer than it is to gain new customers.

1.1 Statement of Problem

ABC has evolved in the swimming pool business for over 20 years; starting from chemical supplier, gradually extend into maintenance, and eventually into design to manufacture. The company was the first and the only to offer all round facilities, which were accepted by customers for its professional experience of high quality craftsmanship, and premium price equipments. When customers come to ABC, they have high expectation from the company to deliver perfect swimming pool for them. Therefore the least that ABC must do for the customers is to deliver product that is problem-free and a memorable customer support and service. Highly experienced team together with high quality products has been company's reputation for quite sometimes, which enables ABC to sell at a premium price, higher than the competitors. On the other hand, company is also well known for poor customer support at expensive price, and faulty products. Customers are not too happy with the product and service they received in exchange with the price they paid.

It does not matter how wonderful the quality of products is or how many years company has been involved in the construction business, if faults and bad service continue to persist customers are likely to leave with no hesitation to other companies that welcome them with better service and especially at cheaper price.

Symptoms of the Problems: the purpose of this section is to make list of all the characteristic of problems or the consequences of core problems:

- 1. The company occasionally receiving telephone calls from customers making a complaint on the faulty products, imperfection and/or problems they are facing.
- 2. According to the sales, some customers have spoken with disappointment for company's lacking in the support and the service it has to offer.

1.2 Objectives of the Thesis

- 1. To propose and implement preventive solution for the chosen quality problems.
- 2. To propose customer support improvement plan and suggest new methods to satisfy and delight customer.

1.3 Scope of the Thesis

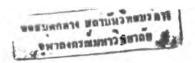
- 1. Author will split this thesis into three stages:
 - a. **STAGE 1** Author will propose and implement preventive solution to the chosen problems.
 - b. STAGE 2 Author will only propose customer support improvement plan
 - c. **STAGE 3** Author will only propose service criteria necessary to satisfy and delight customer.
- 2. Since there are two types to the swimming pools, author shall only concentrate on the concrete type of a swimming pool.
- 3. Time is the only restriction against author's ability to resolve all problems; therefore author would make decision on which problems to solve for the thesis base on Pareto analysis for example, 20% portion of the most significant problems (seriousness) or 20% portion of 80% most occurred problems (frequency).

1.4 Thesis Methodology

The author shall tackle this thesis in three different stages:

Stage 1: The 1st phase is referred to as "Eliminate-Problem". When customers ostentatiously purchase (premium price) a swimming pool from a well-established company of more than 20 years experience in the construction of leisure facilities, they do not wish to be returning to the company with problems or failure of something, especially when the company is to blame. However, if such failure or faults do persist, this shall drive them to become most discontented/ dissatisfied. Therefore, author shall tackle this phase by collating and anticipate problems that customers are likely to encounter as the fault of company's irresponsibility and try to minimise the possibilities of them happening.

- Study the nature of the company by familiarising product/service as well as to collect relevant information on the product/service. At the same time study past and present issue of the relating literature and theories such as Kano's model of quality and Quality Service topic.
- 2. Once the company has been studied inside out, the author can begins the next step by collection data through interviewing with the head of the engineer department and also from collect past recorded complaints/problems data.
- 3. From the total number of problems choose to deal with those problems that are referred to as "Vital few" (Pareto analysis).
- 4. Identify the root cause(s) to the problems using an engineering problem solving tool such as Cause and Effect method.
- 5. Propose preventive solution to the quality problems
- 6. Implement proposed solution



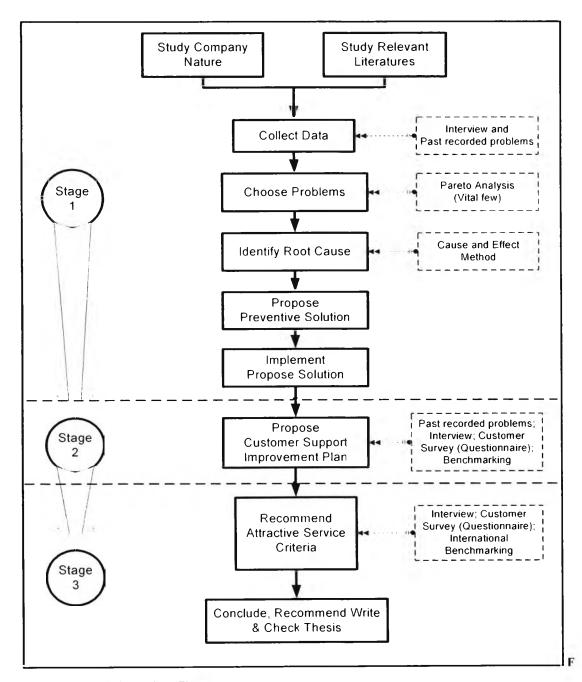
Stage 2: The 2nd phase is referred to as "Guide-Customer", mainly concerns on what the company must do to support customers

7. First, the author shall study what kind of difficulties that customers often come to faced by going through record of past complaints (if filed); or even set up interview with the relating internal personal: carrying out customer survey via questionnaire; and if necessary benchmarking against competitors.

Stage 3: The 3rd phase is referred to as "Attract-Customer". This is a value-added to the customers. These customers are not bothered by the fact that a particular function or quality of a service exists or not, however shall be satisfied if it exists.

- 8. Carry out a focused group interviews; customer survey in order to get to know what kind of service criteria that these customers are expecting to receive from the company and as well as benchmark against the current best-practice of international swimming pool business for interesting product and service features in order to gain competitive advantage over the home competitors.
- 9. Conclude, recommend new approach, write up, proof read and finalise thesis.

1.5 Thesis Procedure



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1.6 Thesis Time Plan

To do	2003							
(Stage)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1					1 1 1		1 1 1	
2			1 1 1 1 1 1 1 4 1					
3				1 1 1				

Figure 1.2 - Thesis Methodology Schedule

1.7 Expected Results

- 1. Reduce and Prevent problems (manufacturing fault) that occurred within the warranty period.
- 2. Ready-to-implement customer support and service improvement plan.
- 3. The improvement plan can be adopted and applied in other department (function) within the organisation.