



Managing the Moments of Truth

A Value Creation Model for Services Organizations

Unlike product oriented companies, service organizations create their value in the presence of and usually with the cooperation and/or active participation of the customer. This introduces a large number of variables and events that must be understood and managed in order to reliably and robustly reproduce the service event at the level of quality required.

Here are some concepts that are useful in envisioning the moment between a company and a customer, **The Moment of Truth**, when a service value is created. This leads to a model that will structure the issues in seeking to market and manage the production of services¹.

Unlike products, where the physical and functional characteristics that comprise product quality can be extensively defined and assured before the product reaches the end customer, services are quite different. As noted earlier a service is almost always produced in the presence of and not infrequently with the cooperation and active participation of the customer.

The **first lesson** to be drawn from this environment is the absolute truth that the value of a service is entirely defined and determined by the customer. Service providers know this instinctively, but it is worthwhile reiterating here: **Value is defined by the customer**².

Six Criteria of Good Perceived Service Quality

Gronroos posits the following criteria (p. 47) that dominate the approach customers take to evaluating the merits of services:

- 1) Professionalism and Skills
- 2) Attitudes and Behavior
- 3) Accessibility and Flexibility
- 4) Reliability and Trustworthiness
- 5) Recovery

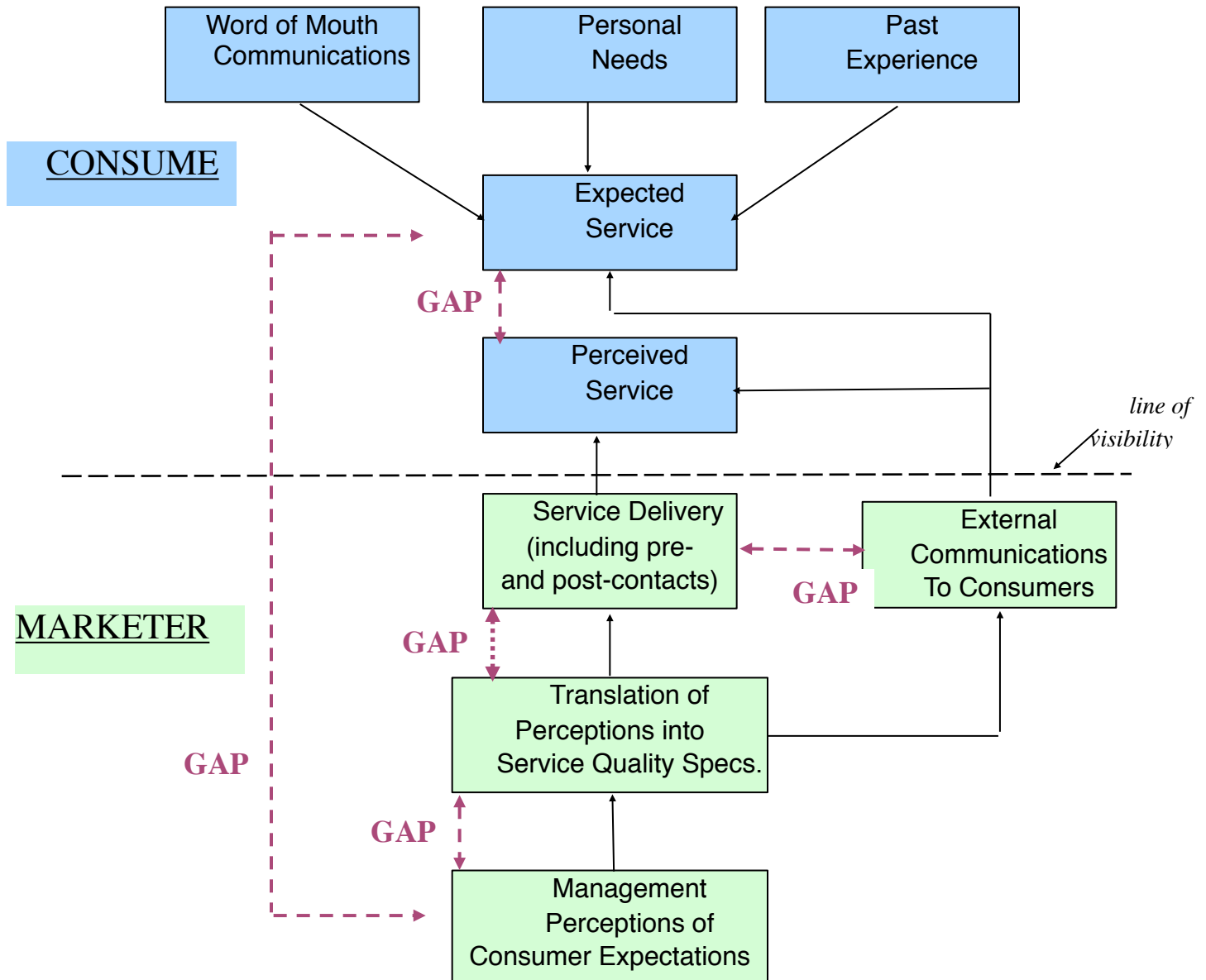
¹ This paper draws broadly from **Service Management and Marketing: managing the moments of truth in service competition** by Christian Gronroos, (DC Heath: Lexington Books 1990 Boston). This book is highly recommended as a thorough introduction to the topic.

² This is a fundamental concept in all high performance business systems.

6) Reputation and Credibility

A fundamental problem in the service “moment of truth” is what is in the mind of the customer at this moment? What are the expectations? Where do they come from? How can you manage these expectations or create them? The model below explores some of these relationships.

Conceptual Model of Service Quality – the gap analysis model



Adapted from **Communications and Control Processes in the Delivery of Service Quality** by V.A. Zeithaml, L.L. Berry, and A. Parasuraman, *Journal of Marketing* April 1988, p 36

GAP 1 – The Management Perception Gap.

- Management perceives the quality expectations inaccurately

GAP 2 – The Quality Specification Gap

- Service specifications are not consistent with management perceptions of quality expectations

GAP 3 – Service Delivery Gap

- Service specifications are not met by the performance in the service production and delivery process

GAP 4 – Market Communication Gap

- Promise made by marketing communications activities do not match the service delivered.

GAP 5 – Perceived Service Quality Gap

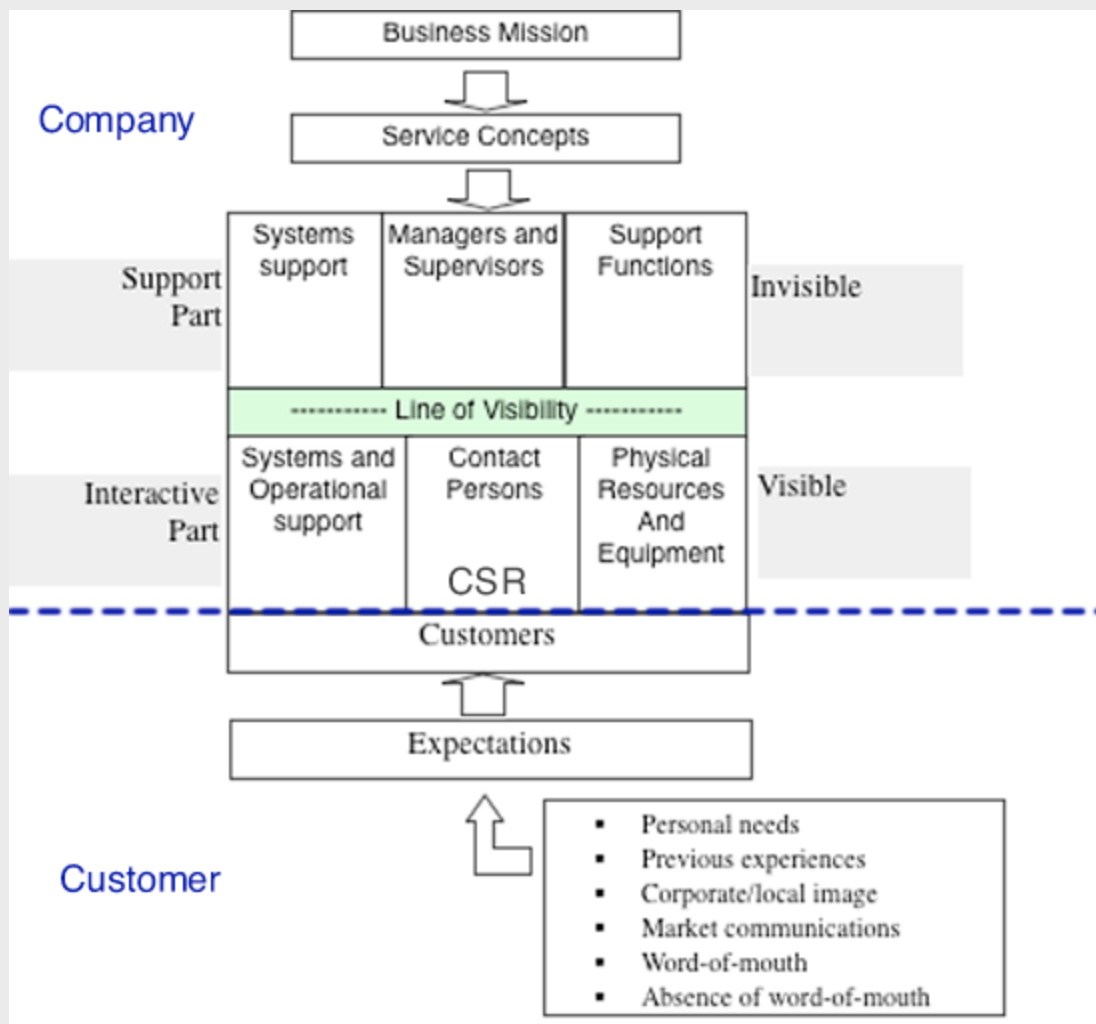
- The perceived or experienced service is not consistent with the expected service.

A Systems View of Service Production

Although the moment of truth is in fact a naked moment of perception that occurs between two human beings, services are not produced in a vacuum, in a single moment. It is useful to envision services as the product of hopefully, an intentional series of steps with supporting people, information systems, and physical resources involved.

The **Service Production System model** on the next page is an approach to organizing these concepts visually. It offers the beginning point to building your own model that fits the details of your service objectives and environment. The model makes it obvious that there is a need to integrate human resources, physical resources, information, and strategic marketing values to produce high quality services.

The Service Production System



Adapted from Gronroos, Christian, **Service Management and Marketing: managing the moments of truth in service competition** (DC Heath: Lexington Books 1990 Boston) p. 208