

# Assessing and Measuring Financial and Accounting Consulting Success

## **Case Study with Proposed “Service Quality” Measurement Methodology**

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August 6, 2014

## Executive Summary

- **Intensified competition** necessitates that service organizations distinguish themselves from their competition
- Research and empirical evidence suggests that **outstanding, client focused service is a differentiating strategy** that can improve a company's reputation and bottom line
- Research suggests that **service organizations** should work **to understand and exceed** their **client's expectations**
- **This study utilizes the SERQUAL measurement** for evaluating a client's expectations and perceptions and any discrepancies between the two
- **A mid-sized professional services consulting firm** was assessed and the results and recommendations were shared with the firm
- **Contribution:** This case study provides a methodology and assessment tool that can be used by other public accounting or service organizations to assess and improve their service quality

## Consulting Firm Examined

- ✓ ***Mid-sized, One Hundred professionals:*** The organization examined included one hundred financial and financial systems professionals.
- ✓ ***Professional Services Firm:*** The company provides financial accounting consulting and systems implementation services to both mid-market and tier one customers.
- ✓ ***Perceived Need for Assessment:*** The company had identified that a high level of customer service is imperative if the company is to maintain a competitive edge in the 21<sup>st</sup> century marketplace.
- ✓ ***Invited:*** The company welcomed the review to assess their ability to deliver outstanding customer service to its clients. This report is the outcome of that effort.

## Company History and Background

- ✓ **Acquisition Strategy:** The firm has grown its mid-market consulting practice by acquiring smaller companies in different geographical regions that were already providing systems implementation and other consulting services.
- ✓ **Underperforming units:** With the exception of the initial purchase of a mid-market practice in its headquarter location, the subsequent purchases were of companies that were under-performing and necessitated assistance in optimizing and improving the services provided to their customers.
- ✓ **Company Challenge:** Attracting, developing and maintaining quality consultants has always been the greatest challenge of the organization.
- ✓ **Best and Brightest:** The company believes that strong customer service is a direct result of hiring superior and experienced consultants.

## Purpose of Study

- ✓ **Assess:** Audit the Consulting Firm to assess the level of service quality expected and perceived by their clients.
- ✓ **Underperforming units:** Provide recommendations to the company that would improve the quality of their service.
- ✓ **Provide Methodology:** Utilize the study to provide a methodology to assess and improve the service quality of other accounting and financial service firms.

## Methodology

- ✓ **SERVQUAL Assessment:** The SERVQUAL<sup>1</sup> assessment was used to evaluate and measure the firms service quality.
- ✓ **Valid and Reliable:** The SERVQUAL has been evaluated as valid and reliable in measuring service quality in organizations.
- ✓ **22-item scale:** The instrument is a 22-item scale that assesses different dimensions of service quality. The tool assesses five dimensions:
  - tangibles
  - reliability
  - responsiveness
  - assurance and
  - Empathy

<sup>1</sup> Parasuraman, A. Zeithaml, Malhotra, A. (2005). E-S-QUAL: A Multiple-Item Scale for Assessing Electronic Service Quality. *Journal of Service Research*, 7(3), 213-233.

## Procedures

1. **An auditor was selected** that had familiarity with the company and the auditor performed an in-depth analysis of the Company's service based on direct customer comments.
2. **A service measurement instrument was selected (SERVQUAL)** that was determined to be a valid and reliable measurement of service quality.
3. **Customers' expectations for service were compared to customers' perceptions of service** received and the discrepancies between the two measures were calculated.
4. **Service dimensions that had significant differences between what the customers expected and what they perceived were examined in greater detail.**
5. **ABC's strengths and weaknesses were assessed and recommendations for improved service were outlined** for dimensions whose scores suggested improvement was warranted.

# SERVQUAL

**Premise of SERVQUAL<sup>1</sup>:** Clients/customers:

- (1) have perceptions of the level of service that they would like to receive (expectations of performance)
- (2) have opinions on the level of service that they experience, and
- (3) develop performance perceptions, regarding the service provider, based on the disparity between their initial expectations and their actual experiences with the firm

***The measure of discrepancy between expectations and perceptions presented as a gap analysis.***

<sup>1</sup> Parasuraman, A. Zeithaml, Malhotra, A. (2005). E-S-QUAL: A Multiple-Item Scale for Assessing Electronic Service Quality. *Journal of Service Research*, 7(3), 213-233.

## SERVQUAL Scale

Service ratings were evaluated using a likert scale from 1 to 7 with values as follows:

<i>Scale Value</i>	<i>Description</i>	<i>Numeric Value</i>	<i>Percentage</i>
1	Strongly Disagree	0.0 - 1	0 - 14%
2	Moderately Disagree	1.1 - 2	15 - 29%
3	Slightly Disagree	2.1 - 3	30 - 43%
4	Neutral	3.1 - 4	44 - 57%
5	Slightly Agree	4.1 - 5	58 - 71%
6	Moderately Agree	5.1 - 6	72 - 86%
7	Strongly Agree	6.1 - 7	87 - 100%

**Note:** All dimensions resulting in differential of 15% points or higher were investigated in greater detail to develop a more in-depth understanding of the reason for the discrepancy.

**Empirical  
Results  
By  
Dimension**

## Results

### Tangibles:

- the company's physical facilities and equipment (office space, computers, etc.)
- the appearance of employees and considers if their dress and presentation is consistent with what the customer would expect from professionals in this type of business

### Detailed Results:

Dim	#	Expectations	Rating	Remark	Perceptions	Rating	Remark	GAP
<b>Tangibles</b>	1	They should have up-to-date equipment	86%	Moderately agree	ABC has up-to-date equipment	71%	Slightly agree	14%
	2	Their physical facilities should be visually appealing	100%	Strongly agree	ABC's physical facilities are visually appealing	71%	Slightly agree	29%
	3	Their employees should be well dressed and appear neat	100%	Strongly agree	ABC's employees are well dressed and appear neat	71%	Slightly agree	29%
	4	The appearance of the physical facilities of these firms should be in keeping with the type of services provided	100%	Strongly agree	The appearance of ABC's physical facilities are consistent with the type of services provided	57%	Neither disagree nor agree	43%
			<b>Weighted average rating</b>	96%	Strongly agree	<b>Weighted average rating</b>	68%	Slightly agree

## Results

**Reliability:** Assesses the company's ability to perform the promised service reliably and accurately.

### Detailed Results:

<b>Reliability</b>	5	When these firms promise to do something by a certain time, they should do so	100%	Strongly agree	When ABC promises to do something by a certain time, ABC does so	71%	Slightly agree	29%
	6	When customers have problems, these firms should be sympathetic and reassuring	100%	Strongly agree	When customers have problems, ABC's consultants are sympathetic and reassuring	71%	Slightly agree	29%
	7	These firms should be dependable	100%	Strongly agree	ABC is dependable	71%	Slightly agree	29%
	8	They should provide their services at the time they promise to do so	100%	Strongly agree	ABC provides their services at the time they promise to do so	71%	Slightly agree	29%
	9	They should keep their records accurately	100%	Strongly agree	ABC keeps their records accurately	57%	Neither disagree nor agree	43%
	<b>Weighted average rating</b>		100%	Strongly agree	<b>Weighted average rating</b>	69%	Slightly agree	31%

## Results

**Responsiveness:** Evaluates the willingness of the organization or its employees to help customers and to provide prompt service.

### Detailed Results:

<b>Responsiveness</b>	10	The company should tell customers exactly when services will be performed	86%	Moderately agree	ABC tells customers exactly when services will be performed	71%	Slightly agree	14%
	11	It is realistic for customers to expect prompt service from employees of the ABC.	100%	Strongly agree	You receive prompt services from employees of ABC	71%	Slightly agree	29%
	12	Employees should always be willing to help customers.	100%	Strongly agree	ABC employees are always willing to help customers	86%	Moderately agree	14%
	13	It is okay if they are too busy to respond to customer requests	86%	Moderately agree	ABC employees are too busy to respond to customer requests	71%	Slightly agree	14%
	<b>Weighted average rating</b>		93%	Strongly agree	<b>Weighted average rating</b>		75%	Slightly agree

## Results

**Assurance:** Outlines how knowledgeable and courteous employees are and the degree to which they are able to inspire trust and confidence from their customers.

### Detailed Results:

<b>Assurance</b>	14	Customers should be able to trust employees of these firms	100%	Strongly agree	Customers can trust employees of ABC	86%	Moderately agree	14%
	15	Customers should be able to feel safe in their transactions with these firms' employees	100%	Strongly agree	Customers feel safe in their transactions with ABC's employees	86%	Moderately agree	14%
	16	Their employees should be polite	100%	Strongly agree	ABC employees are polite	86%	Moderately agree	14%
	17	Their employees should get adequate support from these firms to do their jobs well	100%	Strongly agree	Employees get adequate support from ABC to do their jobs well	71%	Slightly agree	29%
	<b>Weighted average rating</b>		100%	Strongly agree	<b>Weighted average rating</b>	82%	Slightly agree	18%

## Results

**Empathy:** Measures the level of caring and individualized attention the firm and their employees provide to customers.

### Detailed Results:

<b>Empathy</b>	18	These firms should be expected to give customers individual attention	100%	Strongly agree	ABC gives you individual attention	86%	Moderately agree	14%	
	19	Employees of these firms can be expected to give customers personal attention	100%	Strongly agree	Employees of ABC give you individual attention	100%	Strongly agree	0%	
	20	It is realistic to expect employees to know what the needs of their customers are	100%	Strongly agree	ABC employees know what your needs are	100%	Strongly agree	0%	
	21	It is realistic to expect these firms to have their customers' best interests at heart	100%	Strongly agree	ABC has your best interest at heart	100%	Strongly agree	0%	
	22	They should be expected to have support hours convenient to all their customers	86%	Moderately agree	ABC has support hours convenient to their customers.	86%	Moderately agree	0%	
		<b>Weighted average rating</b>		97%	Strongly agree	<b>Weighted average rating</b>		94%	Strongly agree

## Composite Results

*Table 1: Expectations Compared to Perceived Levels of Customer Service – In Summary*

<i>Expectations</i>	<i>Rating</i>	<i>Remark</i>	<i>Perceptions</i>	<i>Rating</i>	<i>Remark</i>	<i>GAP</i>
<i>Tangibles - Weighted Ave. Rating</i>	96%	Strongly agree	<i>Tangibles - Weighted Ave. Rating</i>	68%	Slightly agree	29%
<i>Reliability - Weighted Ave. Rating</i>	100%	Strongly agree	<i>Reliability - Weighted Ave. Rating</i>	69%	Slightly agree	31%
<i>Responsiveness - Weighted Ave. Rating</i>	93%	Strongly agree	<i>Responsiveness - Weighted Ave. Rating</i>	75%	Slightly agree	18%
<i>Assurance - Weighted Ave. Rating</i>	100%	Strongly agree	<i>Assurance - Weighted Ave. Rating</i>	82%	Slightly agree	18%
<i>Empathy - Weighted Ave. Rating</i>	97%	Strongly agree	<i>Empathy - Weighted Ave. Rating</i>	94%	Strongly agree	3%

## Qualitative Statement of Findings

### **Tangibles - Gap - 29%, between expectations and perceptions**

#### ***Up to Date Facilities and Equipment.***

**1)** *The company's physical facilities were not as appealing as customer's expected.*

**2)** *Customers reported that furniture and fixtures were not on par with what they would expect from a professional services firm.*

*Office furniture appeared cheap and inexpensive and director and senior manager's offices had out of date metal credenzas in as opposed to wooden furniture that matched their desks.*

**3)** *The office appeared congested, as the interior walls were lined with small cubicles. Senior consultants and their subordinates were housed in these small cubicles, suggesting that they had limited status within the organization.*

**4)** *Décor was not integrated and lacked a professional image.*

**5)** *Office space appeared small for the location of the national office headquarters and made the company appear less legitimate as a participator in the mid market consulting space.*

## Qualitative Statement of Findings

### Tangibles - Gap - 29%, between expectations and perceptions

- ***Statement: Employees are well dressed and neat.***
  - ❑ Consultants did not seem to dress on par with other individuals in sales and professional services roles from similar organizations in the industry.
  - ❑ This created an image of less capable or less tenured professionals.
  - ❑ Women in the office were sometimes not modestly dressed wearing low cut shirts, mini-skirts, etc. Some customers thought this dress degraded the corporate image and these individuals were perceived as less mature and less educated professionals.
- ***Statement: Facilities were consistent with the type of services provided.***
  - ❑ Customers commented that the training facility was small and crowded and included computer laptops that were quite old and obsolete.
  - ❑ The training room was not neat and orderly, as there were many computer boxes and other items cluttering the space.
  - ❑ The company conference room was small and not on par with the expectations of a professional services firm.
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# Recommendations

***Creating an Internal Marketing Effort*** - Creating an internal marketing effort is considered an excellent strategy for companies seeking to improve their overall level of customer service.

Creating a company culture that fosters a focus on client service is essential for any entity seeking to make stellar customer service an organizational imperative.

**The addition of an internal marketing effort can successfully:**

- (1) **promote the principles, goals and objectives of customer service** that the company hopes to foster
- (2) **create and maintain a culture that cultivates a service and client first protocol**
- (3) **provide an opportunity to introduce new products and marketing activities** and
- (4) **improve internal employee satisfaction, with the extended goal of improving both customer satisfaction** and the perception that customers have of the quality of service they receive.

## Recommendations (con't)

- ***Add Professional Development Program:*** There appear to be a few senior level consultants and then many consultants at lower levels.
- ***Implement Client Relationship Manager Role***
- ***Integrate Record Keeping and Billing***
- ***Update Physical Facilities***

# So What?

## Conclusion:

- ❑ This was an EYE opening assessment for the firm studied
- ❑ The case study presented provides a tool and methodologies that can be used to assist public accounting firms and other financial and managerial consultants in assessing their weaknesses and GAPS with regard to their ability to deliver the quality of consulting that their clients seek.
- ❑ A passion for service quality or a lack of passion for service quality can have a significant impact on an entities bottom line
- ❑ ...the rest of the story..... 😞

**THANK  
YOU!**