
Introduction

The Legislature has recently required executive agencies to demonstrate through formal performance reports what they are achieving. One way the agencies have chosen to measure their accomplishments is through surveys of their customers' satisfaction with certain products and services. Such surveys are not only a useful tool for learning about agency services from customers' perspectives but, if properly conducted, are also a legitimate form of evaluation.

One of our duties is to review and comment on the appropriateness, validity, and reliability of measures and data in performance reports.¹ Earlier this year, we completed a general review of each agency's 1994 report and an evaluation of the process of developing the 1994 annual performance reports.² In this report we have focused on 10 agencies' use of customer satisfaction surveys for performance reporting. This report marks our first sustained effort to determine the validity of specific data in the performance reports.

We looked at customer satisfaction data for three main reasons. First, customer satisfaction surveys are quite new to government, but many agencies have used them or are planning to do so in performance reports. Second, the methods and procedures for valid customer surveys, which are needed to produce useful performance data, are well established but may be hard to grasp without training and instructions. And, finally, we thought that future performance reports could be improved by our effort to explain and apply recommended principles for survey research. By evaluating actual customer satisfaction data against these principles and recommending changes where necessary, our report provides 10 state agencies with specific suggestions and 11 others with examples of practices to emulate or avoid in future performance reports.

Specifically, this evaluation has three main objectives:

- **To determine how well state agencies have conducted surveys of customer satisfaction,**

¹ *Minn. Stat.* §3.971, subd. 3.

² See Office of the Legislative Auditor, *Comments on the 1994 Annual Performance Report of the Departments of Administration, Agriculture, Commerce, Corrections, Economic Security, Education, Employee Relations, Finance, Health, Human Services, Human Rights, Labor and Industry, Military Affairs, Natural Resources, Public Safety, Public Services, Revenue, Trade and Economic Development, Transportation, and Veterans Affairs*, separately issued January 3, January 6, or January 20, 1995; *Comments on the Minnesota Pollution Control Agency's 1994 Annual Performance Report*, April 1995; and *Development and Use of the 1994 Agency Performance Reports*, July 1995.

- **To determine the accuracy and utility of customer satisfaction data in agencies' 1994 performance reports, and**
- **To advance guidelines and standards for customer satisfaction data in future performance reports.**

To respond to these objectives, we talked with survey research experts and examined the literature on survey research methods. We made a special effort to canvass the federal government for practices that are recommended and in use as a result of recent executive orders to survey customers and implement customer service standards.³ Also, we reviewed all of the 1994 performance reports to identify customer satisfaction data and interviewed representatives of state agencies who are responsible for such data. Subsequently, we examined technical documentation for selected surveys and independently attempted to replicate results shown in the 1994 performance reports.

As a first step in our evaluation, we developed a set of suggested guidelines for valid customer satisfaction surveys by state agencies. These guidelines are based on the current body of literature on survey methods and were reviewed by survey experts. We then applied these guidelines in our evaluation of customer satisfaction data in the 1994 performance reports, identified instances of adherence to recommended practices, and made specific suggestions for change where we found deviations. Finally, we identified common problems in state agencies' conduct of surveys and use of customer satisfaction data in performance reports and developed several general recommendations.

Our report focuses on the major customer satisfaction surveys used in the 1994 annual performance reports; it does not include all such surveys conducted by state agencies. Also, we are aware of but did not evaluate numerous new surveys of customer satisfaction that state agencies are planning to conduct and use in future performance reports. Nor did we review every survey that is cited in the performance reports. We focused on those that ascertained customers' opinions of state government agencies, their staff, products, services, or overall performance, or conditions over which the agencies exert some control.

This report has three chapters. In Chapter 1, we discuss the measurement of customer satisfaction and present a set of suggested guidelines for state agencies choosing to use customer satisfaction survey data as performance indicators. In Chapter 2, we describe and evaluate selected customer satisfaction surveys that are represented in each of 10 agencies' most recent performance reports. Also, we examine the adequacy of the resulting customer satisfaction data in these and other reports by the same agencies. In Chapter 3, we review the main problems with state agencies' surveys and use of customer satisfaction data and make recommendations that are intended either to demonstrate or improve the quality of such data in future performance reports.

³ See National Performance Review *Putting Customers First* (Washington, D.C.: U.S. Government Printing Office, September 1994), 63, and memorandum for heads of executive departments and agencies from President Bill Clinton, March 22, 1995.