PM World Journal (ISSN: 2330-4480)
Vol. XI, Issue XI – November 2022
www.pmworldjournal.com

Assessing Customer & Constituent Satisfaction
by Dr. Kenneth F. Smith
Advisory

Assessing Customer & Constituent Satisfaction:
ACSI, & the "Misfortune 500" Index [1]

Dr. Kenneth F. Smith, PMP

The world's longest Christmas season has been underway in the Philippines since September 1, albeit somewhat subdued this year; while Christmas and other holidays -- religious and secular – are coming up in rest of the world. This year's season of "holiday cheer" is dampened by widespread inflation, disrupted economic supply-chains as well as under- & un-employment; giving rise to frustration on all sides, short-tempered outbursts and downright despair**.** Nevertheless, despite gloom & doom in the Economic Sector, hope of improvement in Public Sector 'policy, bureaucracy & public service' abounds – at least in '*my small world*' -- with expectations from recent or anticipated changes. To wit, the new Philippine regime just completed its first 100-day milestone[2] and is undergoing *ad hoc* performance assessment by the media; while mid-term elections are imminent in America. Given the acrimonious run-up in the U.S., changes are bound to occur there after the New Year at the national level as well as in some States.

Reflecting on the need for betterment in both sectors amid this turmoil, I thought now would be an opportune time to remind executives, managers, politicians -- and their employees -- about extant systematic systems for assessing customer/client & constituent services.

Periodically obtaining, assessing and satisfactorily addressing feedback from customers/clients and constituents -- as well as employees -- can enhance the growth of product-producing companies and increase satisfaction with service-providing organizations. Responding to customer and employee complaints helps to retain customer loyalty and in-house personnel, instead of losing them to competitors. The additional cost of attracting new customers as well as replacing and retraining employees negatively impacts an organization's financial 'bottom-line.'

Because it is intrinsic in their 'business' ethic and also their primary output, '*it should go without saying*' -- but nevertheless needs to be stressed from time-to-time -- that Government and similar Public Service entities ought to **continually** strive to improve their servicing of the general public – not just during periods of political change.

---

[1] How to cite this article: Smith, K. F. (2022). Assessing Customer & Constituent Satisfaction: ACSI, & the "Misfortune 500" Index, *PM World Journal*, Vol. XI, Issue XI, November

[2] **NOTE:** Somewhat akin to the Project Management *'rule of thumb'* for estimating a project's end-of-project status (EOPS) based on its **status @ 20% of its elapsed schedule**, the dubious **'100-day deadline' standard** for assessing political performance effectiveness by newly-elected presidents, and harbinger for the remainder of their administration -- *instituted after US President Roosevelt's election in 1933 --* continues to capture the attention of, and scrutiny by, today's media, worldwide.

In any event, elected and re-elected officials, restaffed – *and probably reorganized* -- public-oriented service entities are also now afforded an opportunity to fulfill their campaign promises in the near future.

Almost everyone in the U.S. business-world has heard of the "**Fortune 500**" companies[3] -- *the 500 largest United States corporations* **in terms of their annual revenue**.

But I venture to guess far fewer people are aware of the **American Customer Satisfaction Index (ACSI)** [4] which is an important measure of concomitant *comparative corporate performance, that reflects a significant positive cause-effect correlation between customer satisfaction and revenue*. And practically nobody – *other than my immediate contacts* – is familiar with the "**Misfortune 500 Index**"[5] which is also a *measure for internal organizational self-improvement,* **regardless of size or income.**

This article provides further information about both the **ACSI** and **Misfortune 500 Index**, and templates to facilitate their use.[6]

The American Customer Satisfaction Index (ACSI) is an indicator of US consumer sentiment based on quarterly nationwide surveys where consumers rate the products and services they use. Every ACSI survey has questions designed to elicit assessments in three categories:

1. **Overall Satisfaction**

2. **Expectancy Disconfirmation** whether the product met or fell short of expectations

3. **Performance of Product vs Customer's Ideals.**

The three categories are then rated on a '1-Low to 10-High' scale.

---

[3] The 'Fortune 500' is an annual list compiled and published by Fortune magazine that ranks 500 of the largest United States corporations by total revenue for their respective fiscal years. The list includes publicly held companies, along with privately held companies for which revenues are publicly available. The concept of the Fortune 500 was created by Edgar P. Smith, a Fortune editor, and the first list was published in 1955. (Wikipedia)

[4] Developed at the University of Michigan by a team of researchers led by Claes Fornell, Distinguished Donald C. Cook Professor of Business.

[5] Developed for the Philippine National Economic Development Authority (NEDA by Dr. Kenneth Smith in 1998 during an Asian Development Bank (ADB) consultancy.

[6] The templates are available from kenfsmith@aol.com for free on proof of purchase of my book **Project Management PRAXIS** (available from Amazon).

- **Overall satisfaction** (1 "very dissatisfied" and 10 "very satisfied")
- **Expectancy disconfirmation** (1 "falls short of expectations" 10 "exceeds expectations")
- **Performance vs ideal** (1 "not very close to the ideal" and 10 "very close to the ideal"

The **ACSI Customer Satisfaction Index** is then computed from the following formula:

$$\frac{[((\text{Satisfaction-1}) \times 0.3885) + ((\text{Expectancy-1}) \times 0.3190) + ((\text{Performance-1}) \times 0.2925))] \times 100}{9}$$

I developed the template shown in Figure 1 to facilitate computation of an ACSI-weighted CSI.

Figure 1

You must create your own questionnaire for these three weighted categories to emulate the ACSI for independent internal use – *although it would not be valid for comparison with other companies*.[7]

The "Misfortune 500 Index" is a different tool that **concentrates on the *down-side*** by identifying organizational problems in terms of a '1-Low to 500-High' 500-range scale -- **highlighting the extent of personnel &/or customer dissatisfaction** with key indicators, in an internally-designed questionnaire probing an entity's performance.

---

[7] Contact ACSI for details about their questionnaire, and their comparative assessment process.

PM World Journal *(ISSN: 2330-4480)*   *Assessing Customer & Constituent Satisfaction*
Vol. XI, Issue XI – November 2022   by Dr. Kenneth F. Smith
www.pmworldjournal.com   Advisory

The response to each question is rated on a **5-point '1-Low to 5-High' Thai scale*** where the two undesirables – are weighted in inverse order, as shown in Figure 2

<p align="center">**Figure 2**</p>

To Construct the Misfortune 500 Index

Weight the *Undesirable* categories of the Thai Scale
***INVERSELY RANKED* from the Rating Scale:**

A CATEGORIES	B Thai Scale RATING	C WEIGHT the UNDESIRABLES [Inverse Rank Order of B]
Outstanding	5	
Good	4	
Satisfactory	3	
Poor	2	4
Unsatisfactory	1	5

© 2021 Dr. Kenneth F. Smith, PMP   Project Monitoring & Evaluation   Slide 4

*NOTE: A 'Thai Scale' range is a normal distribution; where approximately 3% of the respondents would rate @ 1; 13% @ 2; 68% @ 3; 13% @ 4, and 3% @ 5. This would be a useful Benchmark for comparison – to meet or beat.

The percentage of undesirable responses is then multiplied by their respective weightings, and totaled to derive the Misfortune Index, as shown in Figure 3

<p align="center">**Figure 3**</p>

Establish the Maximum Acceptable INDEX as a Threshold for both categories:

A UNDESIRABLE CATEGORIES	B Weight	C Response Percentage	D Index Number [B x C]
Poor	4	5 %	= 20
Unsatisfactory	5	3 %	= +15
TOTAL [Maximum Acceptable Index]	Combined weights	8 %	= 35
NOTE: Worst Possible Case = Unsatisfactory =	5	100 %	= 500

© 2021 Dr. Kenneth F. Smith, PMP   Project Monitoring & Evaluation   Slide 6

That result should be established as your Baseline (Threshold). Any time the Misfortune Index exceeds the Threshold (or previous Index), the need for corrective action should be noted as "RAR" – Remedial Action Recommended, and the totality subsequently prioritized for resolution by the 80/20 Pareto process. Subsequent follow-up surveys on the same indicator should then be compared for signs of improvement, or reasons for shortfalls.

Figure 4

An actual Index higher than the Threshold should be annotated *"RAR" — i.e. Remedial Action Recommended* — to highlight the apparent need for corrective action, where feasible. *i.e. Threshold = 35*

	A	B	C	D	E	F
	PERFORMANCE LEVEL CATEGORIES	Thai Scale Rating	Number of Respondents = 1,000	Percentage of Respondents	Reverse Weight [of B]	Misfortune 500 Index [D x E]
	Outstanding	5	40	4		
	Good	4	140	14		
	Satisfactory	3	730	73		
	Poor	2	70	7	4	28
	Unsatisfactory	1	20	2	5	+ 10
	RAR*		Misfortune 500 Index =			38

The actual template with an example is as shown in Figure 5, below:

Figure 5

The "Misfortune 500" Index System
for Evaluating Customer Satisfaction of Program Performance

© 2010, 2021 Dr. Kenneth F. Smith, PMP

NOTE: A *Worst Case* would be *100% Unsatisfactory*, i.e. 100% @ Thai Scale Rating of 1
Equivalent to a *Misfortune Index of 500*; i.e. 100 x a reverse weighting of 5

ENTER DATA IN YELLOW CELLS

SET YOUR **THRESHOLD INDEX** FOR *UNACCEPTABLE* PERFORMANCE = **80**

A	B	C	D	E	F
Performance Level Categories	Thai Scale Rating	Number of Respondents	Percentage of Respondents (Rounded)	Reverse Weight [of B]	Misfortune 500 Index [D x E]
		1032			
Outstanding	5	70	7%		
Good	4	231	22%		
Satisfactory	3	630	61%		
Poor	2	76	7%	4	29
Unsatisfactory	1	25	2%	5	12
		Misfortune 500 Index =			42
		Performance on this Indicator is Acceptable			

NOTE: Nothing is ever perfect in the 'real world;' but as a guide for comparative purposes, A 'normal' expectation – i.e. Benchmark -- would be for a Program indicator to have a Misfortune 500 Index of 67; i.e. ((13% x 4) + (3% x 5)).

The Misfortune indices for the respective Customer Satisfaction components – *whatever they are* -- should then be rank-ordered, for priority attention and targeting for rectification.

Hopefully, with this exposition of ACSI, and the Misfortune 500 index – *which has lain largely dormant for the past 24 years* -- the current generation of Program Managers will utilize one or both of these approaches to supplement whatever system they may currently be using for improving Customer Satisfaction in their areas of responsibility; and that managers of public service agencies will adopt them to improve performance in their administrations.

PM World Journal (ISSN: 2330-4480)
Vol. XI, Issue XI – November 2022
www.pmworldjournal.com

Assessing Customer & Constituent Satisfaction
by Dr. Kenneth F. Smith
Advisory

About the Author

Dr. Kenneth Smith

Honolulu, Hawaii
& Manila, The Philippines

Initially a US Civil Service Management Intern, then a management analyst & systems specialist with the US Defense Department, Ken subsequently had a career as a senior foreign service officer -- management & evaluation specialist, project manager, and in-house facilitator/trainer -- with the US Agency for International Development (USAID). Ken assisted host country governments in many countries to plan, monitor and evaluate projects in various technical sectors; working 'hands-on' with their officers as well as other USAID personnel, contractors and NGOs. Intermittently, he was also a team leader &/or team member to conduct project, program & and country-level portfolio analyses and evaluations.

Concurrently, Ken had an active dual career as Air Force ready-reservist in Asia (Japan, Korea, Vietnam, Indonesia, Philippines) as well as the Washington D.C. area; was Chairman of a Congressional Services Academy Advisory Board (SAAB); and had additional duties as an Air Force Academy Liaison Officer. He retired as a 'bird' colonel.

After retirement from USAID, Ken was a project management consultant for ADB, the World Bank, UNDP and USAID.

He earned his DPA (Doctor of Public Administration) from the George Mason University (GMU) in Virginia, his MS from Massachusetts Institute of Technology (MIT Systems Analysis Fellow, Center for Advanced Engineering Study), and BA & MA degrees in Government & International Relations from the University of Connecticut (UCONN). A long-time member of the Project Management Institute (PMI) and IPMA-USA, Ken is a Certified Project Management Professional (PMP®) and a member of the PMI®-Honolulu and Philippines Chapters.

Ken's book -- **Project Management PRAXIS** (available from Amazon) -- includes many innovative project management tools & techniques; and describes a "**Toolkit**" of related templates available directly from him at kenfsmith@aol.com on proof of purchase of PRAXIS.