What is Failure Demand?

Failure demand is not a new concept. It was first described by John Seddon of Vanguard as 'demand caused by a failure to do something or do something right for the customer'. It is an 'astonishing burden on capacity and an astonishing cost' and it is systemic.

This failure by organisations is something that all of us will recognise as part of our everyday experience. It is something that disabled people are especially familiar with. Failure to provide information in an accessible way or about the accessibility of a service, for instance. If I want to know if a hotel is accessible, that information is rarely on its website. I have to contact it, often not an easy task, time consuming, and likely to put me in a grumpy mood from the outset! A new hotel described by the FT as the hottest new green hotel in town is completely silent on access. It is great on E (environmental) perhaps, but less than great on S (social), and therefore less than great on G (governance). A significant group of potential customers seems absent from its strategy.

This piece came about because I wrote on LinkedIn about my hospital experience and the amount of NHS time and resource that has been wasted getting appointments that work for me. I know this is an issue for many B2C organisations. We've been tackling it at HMRC for a few years. We've had a fair amount of success, driven by a desire to improve customer experience and a recognition of the waste of resources it represents.

What puzzles me is why there is still so much of it about. If customers are central to an organisation's business model, why inflict so much damage on the customer relationship? And why damage profitability by putting such a strain on the bottom line?

I think there are a few steps organisations can take to begin to address that damage.
1. Find out where the pain points are for your customers. Most organisations record telephone conversations. Analyse the content of these conversations to understand:
   a. What are the trigger points for customers to make contact?
   b. Do the standard scripts or responses allow customer service staff to respond to what the customer is saying or just take them through a set process?
   c. What are customer service staff able to do if they cannot themselves help the customer? Can they call a colleague or senior advisor?
2. Ask your customer service staff what the issues are that cause them the most frustration.
3. Once you know what the issues are, make a plan of action, using your customer service staff to help, to address:
   a. The most frequent issues.
   b. The issues that cost the organisation most – financially as well as staff time and frustration.
   c. The issues that cost the customer most – this will tend to be time and frustration, but it can also be money if they can't make a transaction they want to.
4. And then implement the plan! Monitor and analyse the results to make sure you're on the right track and adjust accordingly.

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