

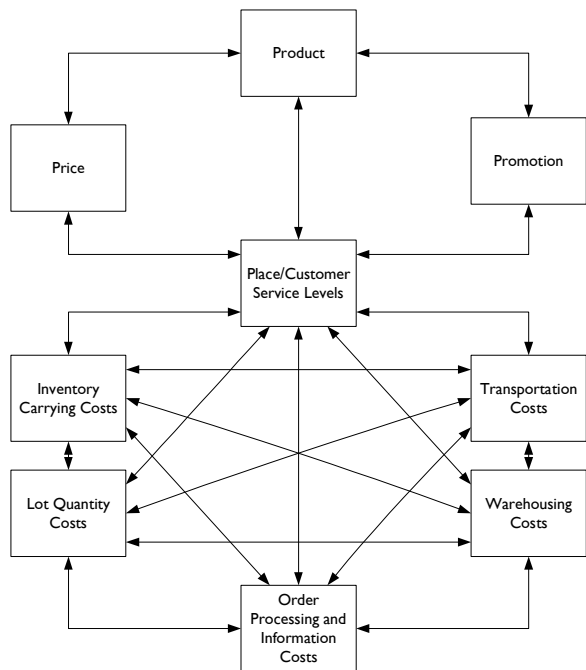
## Balancing Security and Customer Service

It seems to me that there is the letter and the spirit of the security initiatives. Firms have some leeway as to how, when, and with what force they will deal with these matters. And, of course, the firms have similar options when it comes to the mix of customer service. It's the process of trading off these decisions in search of that combination that best meets the goals of the firm that interests me.

There are a large number of articles in the trade journals and the growing body of research that focuses on security -- its mechanics and its costs. I'm finding little, however, that directly relates security and customer service.

Then there is the follow-on question. If security has a negative impact on customer service, how do you sell that idea to the customer?

The marketing and logistics cost-tradeoff model popularized by Stock and Lambert seems a good basis for the discussion of this issue.



Implementing the desired level of security affects every aspect -- including product design -- in this model.

Let's assume that a model -- we'll use this one as being representative -- needs to be implemented through a business system -- process, information, and people.

This business system emerges from answers to the following questions.

1. What decisions need to be made and why?
2. How will the decisions be made and why?
3. What data is required in support of the decisions, where and how can it be obtained?
4. What skills and techniques are required in support of the decisions?

The business system aims at determining and implementing those actions that best balance security and customer service needs.

Several issues are suggested.

1. Definition and measurement of customer service. This is likely to be dependent upon individual customers and/or groups of customers having like service characteristics.
2. Understanding of and commitment to security regulations. These are likely to be dependent on geography and regulator<sup>1</sup>.
3. A clear cause-effect connection between security and customer service.
4. Means of assessing customer and collaborator<sup>2</sup> capability and commitment.

<sup>1</sup> The regulator is the government authority deciding and mandating security regulations.

<sup>2</sup> A collaborator is any firm or person who is used to help you deliver value to the customer.

5. Interfirm decisions, implementation, and operation.
6. Interfirm project management.
7. Relationship management with customers, collaborators, and regulators.
8. Packaging security requirements as part of the value proposition to customers and collaborators.
9. Identification of best practice.
10. Joint security planning with regulators.

What is required is some discussion as to whether balancing security and customer service is of significant importance. And, if so, what can be done to weave the required business system into the fabric of logistics.

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August 26, 2003

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