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## **White Paper**

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# **An Introduction to PAS 46**

**British Standard Institution' s Publicly Available  
Specification for Improving Loyalty**

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# An Introduction to PAS 46

## British Standard Institution's Publicly Available Specification for Improving Loyalty

### A White Paper by CRL Solutions

PAS 46<sup>i</sup> is a Publicly Available Specification published by the British Standards Institution in February 2002. It defines a process for improving organisational loyalty through the effective collection, analysis and application of stakeholder feedback.

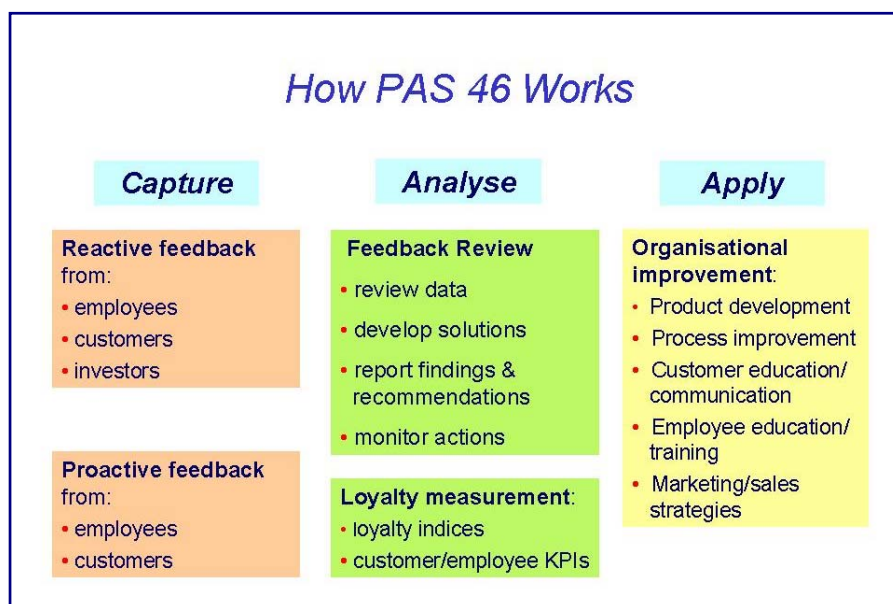
The key stakeholders in a typical organisation are its employees, customers and investors. All too frequently the long-term value of such stakeholders' loyalty can be overlooked. But those organisations that listen to and attempt to meet the needs of their employees, customers and investors are likely to be more successful than those that do not.

In his book "The Loyalty Factor"<sup>ii</sup>, Frederick Reichheld estimated that "*disloyalty stunts corporate performance by twenty five to fifty per cent, sometimes more*". His research claimed that businesses that concentrate on finding and keeping good customers, productive employees and supportive investors generated superior results.

PAS 46 specifies a framework for the collection, analysis and application of stakeholder feedback in order to maximise organisational loyalty and operational performance. This is achieved by establishing both reactive (from stakeholder initiated contacts such as complaints, enquiries and suggestions) and proactive (organisational initiated contacts such as surveys, focus groups and customer visits) feedback processes.

The Specification requires that processes be established for the regular collection of stakeholder feedback across all contact points. A central function should consolidate, analyse and report the results of such feedback throughout the organisation and develop improvement initiatives intended to maximise loyalty and organisational performance. In addition, measures should be established to quantify stakeholder loyalty on a regular basis. Figure 1 illustrates this *Capture – Analyse - Apply* process.

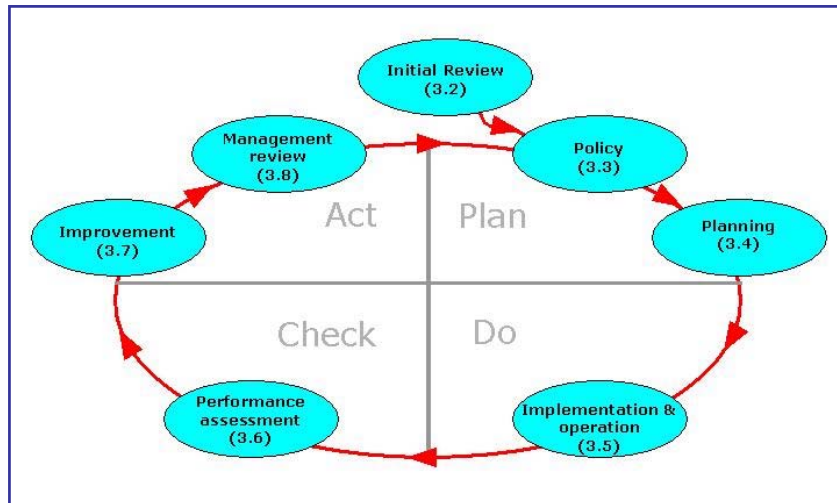
Figure 1: How PAS 46 Works



The specification details a seven-step process (see Figure 2) that should be established. The first step is to conduct a review of the organisation's existing capabilities at maximising stakeholder loyalty.

Once this review has been completed a corporate loyalty policy is defined. This must be owned by top management, be fully documented and communicated throughout the organisation. The next stage is to plan the implementation process. This requires the agreement of objectives, definition of goals and outcome indicators and the documentation of an action plan that includes targets and milestones.

Figure 2 – Seven Step Loyalty Process



The implementation step requires a consultation and communication phase to ensure everyone understands and is committed to the concept of organisational loyalty. This is followed by the upgrading or establishment of processes necessary to collect, analyse and apply stakeholder feedback. The processes for regularly measuring loyalty are also established.

Once the feedback process is working effectively the information collected together with loyalty indices and other measures in place provide the data to review performance and identify any improvements that can be cost effectively implemented to improve loyalty and organisational performance.

The last step is to conduct a management review of the loyalty process to evaluate its effectiveness and make any changes deemed necessary. This review should be documented and conducted by top management. Using the simple *Plan – Do – Check – Act* formula the process then repeats itself in a continuous loop.

PAS 46 provides a structured approach to creating a comprehensive feedback and improvement process designed to improve organisational loyalty. Further information can be obtained by purchasing the Specification from the BSI and attending its introductory course.

CRL Solutions can help organisations implement PAS 46  
To discuss potential projects please contact:

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<sup>i</sup> PAS 46 Improving Loyalty – Requirements costs £70 and is available from BSI Customer Services -Tel: +44 (0)20 8996 9001 or e-mail: [orders@bsi-global.com](mailto:orders@bsi-global.com) Further information about courses is also available from the BSI web site: [www.bsi-global.com](http://www.bsi-global.com)

<sup>ii</sup> The Loyalty Effect By Frederick F. Reichheld Published by Harvard Business School Press 1996 ISBN 0 87584 448