Cost of Quality -- AT&T's Customer Service

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SYNOPSIS
This descriptive case detailing a consumer's ordeal with AT&T culminating in a change to another service provider gives an opportunity to discuss cost of quality in terms of a service industry rather than a manufacturing environment. Students can also be asked to examine the financial statements of telecommunications companies to assess customer service expenses and to get a picture of the relative size of industry participants. (Selected financial statement information is provided in appendices to the teaching note.)

LEARNING OBJECTIVES
The objectives of this case are to:

1. Discuss costs of quality with respect to providing customer service.
2. Analyze relevant information from the financial statements with respect to treatment of customers.
3. Assess industry structure by comparing financial statements of industry participants.
4. Identify the potential advantages and disadvantages to customers and to companies of e-billing, e-payments, and e-communications.

APPLICATION
The case is appropriate for managerial accounting, financial statement analysis and e-business courses.

KEY WORDS
quality costs, financial statement analysis

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