

The Value of Customer Complaints

Every business loses customers. And the tendency may be, especially for the small businessperson, to shy away from communicating with customers who walk away. But consider what a treasure chest of information lost customers hold. There's a reason those customers aren't buying from you. The reason may be benign. For example, they moved or their needs changed. But the reasons may be due to shortcomings in the way you do business or in the product or service they were buying from you. Wouldn't you like to know? Perhaps a minor correction would regain the customer. Surprisingly, many companies act as if they don't care.

Research shows that customers are twice as likely to complain when given a toll-free number. Customers are most likely to complain if asked what the problem was. And customers whose complaints were resolved effectively are more loyal than customers who never complained.

So, how easy do you make it for customers to complain? When you do get a complaint, what do you do with the information? Consider these 6 levels of complaint-handling maturity:

Level 1: No way to receive complaints.

Level 2: Don't respond to complaints.

Level 3: React to complaints and attempt to recover.

Level 4: Systematically respond to complaints and attempt to recover.

Level 5: Proactively solicit complaints and then systematically respond to recover.

Level 6: Proactively solicit complaints, systematically respond to recover, and then use the information to correct root causes.

Note that these are progressive. Your goal should be Level 6.

It seems counterintuitive to want to hear more complaints, but you should. We can get more complaints by simply requesting them and making it easy. Toll-free numbers and point-of-contact comment cards can work, but they're passive. Active solicitation of comments can best be done by contacting customers directly. Surveys after a completed transaction or scheduled meeting work best, depending on the nature of your business.

The key is to let the customer know that you want their feedback, and that you will act on it. This last point is key. If you don't provide service recovery and fix the underlying problem, the customer will be less likely to voice issues in the future. Also, remember to fix the problem and satisfy the customer. A small gesture, such as a handwritten note, can remedy an upset customer's attitude.

How well complaints are handled tells a lot about your management team. Managers who handle complaints with a positive attitude are likely to be the most successful in the long run because they recognize opportunities to improve. □



"So, as you can see, customer satisfaction is up considerably since phasing out the complaint forms."

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