

Complaints – Buried Treasure in Your Own Backyard

By

James Shaw

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How many complaints did your company receive last month? What was making your customers unhappy? Was it a widespread problem? What did it cost you in lost business?

If you don't know the answers to these questions, you are missing out on an improvement strategy that delivers a return on investment that will surprise you—a Manage Complaint System. A Manage Complaint System costs little or nothing to implement, and it provides the most accurate and timely information available about what needs improving in your company.

Complaints are intelligence from the real world of your company's day-to-day business, red flags marking issues that may be impairing your performance and image. By managing your complaints systematically, you can leverage them to improve your business in ways that help you gain, serve, and keep customers. You may even save money. One manufacturing plant used their Manage Complaint System to uncover problems with internal procedures that were causing customers to hold back on paying their bills and reduced the accounts receivable balance by \$5 million.

Learn to Love Complaints

Only one in seven customers who could complain actually do. This customer is telling you that he or she would like to continue to do business with you if only you would correct this problem. The other six may be silently

taking their business elsewhere. A Manage Complaint System can help you retain those six customers and pinpoint changes that could attract new ones.

Complaints are event-driven, "moments of truth" in the interactions between your company and your customers. The customer information you receive at these times is a good deal more accurate than responses to customer satisfaction surveys, which many companies rely on for such information. For one thing, customer satisfaction surveys use questions that come from the survey firm not the customer. For another, they measure states of mind, which are inherently unstable and temporary. A complaint, on the other hand, is a customer behavior, an action. It comes straight from the customer to you, and is a much more reliable indicator of customer perceptions about the value they are receiving from your company. And not only is the information the most accurate available, it is also the most timely, delivered on the spot or close to the event. This timeliness is especially important today, in a marketplace increasingly on "Internet time."

Turn Your Complaints into an Information System

A systematic approach to complaints is essential to a payoff. A Manage Complaint System should meet three goals.

- *Capture all complaints.* To accomplish this, you can train all

customer-contact employees to actively solicit complaints (and compliments). This provides the customer with multiple entry points for complaints rather than the usual single gateway of the Customer Service Department. A toll-free hotline is another way to make it easy for customers to complain.

- *Quickly resolve complaints to the customer's satisfaction.* To meet this goal, you need to establish a step-by-step procedure with built-in accountability for employees to follow. The communication of the complaint to the appropriate person or team, its investigation, resolution, and follow-up can be mapped on a flow chart with cycle time targets at designated control points.
- *Identify root causes of complaints and make changes to prevent recurrence.* By analyzing each complaint in the context of the bigger picture of your company's business processes, identifying the cause of the problem, and then making changes in the appropriate process to result in permanent improvements, you're not just satisfying one customer's complaint, you're satisfying all your customers. A complaint may even trigger improvements that delight your customer, a strategy that can end up attracting new customers, as well.

Double or Triple Your Complaints

If someone were to say to you, let me help you double or triple your complaints, what would be your reaction? Chances are, you'd hesitate. Complaints have a negative connotation for most people. But no one is perfect, and once we admit fallibility, we gain an

advantage because then we are willing to make changes. Increasing the number of complaints you collect does not mean deliberately lowering quality but vacuuming up customer problems that already exist.

Very often, the first step in establishing a Manage Complaints System is changing the company culture regarding complaints, beginning with the philosophy of top management. How do your executives regard complaints? As a pain in the neck? Or as a golden opportunity to improve your company's business? The second choice will put you on the track of a buried treasure that can enrich your customer's experience *and* your company's performance.

James G. Shaw, M.B.A., is two-decade veteran of Silicon Valley's high technology industry. He is founder and President of Shaw Resources, Cupertino, CA, whose mission is to provide methodologies and associated tools that enable executives and key managers in all types of organizations to initiate and lead organizational performance improvement initiatives. Shaw Resources is the holder of the only U.S. patent ever granted for improving organizational quality.

Mr. Shaw is a five-year member of the Board of Examiners for the Malcolm Baldrige National Quality Award where he served as a senior examiner. Currently, he is responsible for the judging process for California's Governor's Award.

Mr. Shaw may be contacted via telephone at 1-888-ShawRes (742-9737) or via email at Jim@ShawResources.com or via the web site <http://www.ShawResources.com>.

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