

Handling Customer Complaints

A Best Practices Guide



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Overview

Most companies strive to exceed the expectations of their customers. The best companies use the same approach to handling complaints. These companies:

- Train and empower their frontline employees to resolve most complaints during the first contact.
- Make it easy for customers to complain by using centralized customer helplines, online webforms, social media monitoring, 1-800 numbers, comment cards and easy-to-use customer appeal processes.
- Enter complaint data in fully automated, integrated information systems.
- Analyze and use data to identify and fix root causes of dissatisfaction and to determine future directions for product and service improvements.
- Incorporate information into the strategic planning process, assuring future competitiveness.
- Consider complaints as customer feedback and opportunities to improve, alongside other measures of customer satisfaction.

Leadership Strategies for Satisfying Customers

There is little question that the leaders in the best-in-business companies see customers as their top priority.

The leaders of these organizations practice the following initiatives:

Listen to the Voice of the Customer

One company knew they'd begun to hear the voice of their customers when they went from 10,000 letters a year, mostly complaints, to 4,000 a year, mostly compliments.

The leaders followed two simple rules: make it easy for customers to complain and just as easy for employees to fix problems.

A good leader demonstrates their commitment to customer concerns by investing in the tools, support, training and recognition their employees need to address customer complaints.

They invest a great deal of their time in communication, talking to customers and employees and recognizing results. They also flatten their organization to reduce the number of layers between the customer and the CEO.

Good leaders see customer complaints as an opportunity to improve. Customer service must be a core value, reflected in your mission statements, plans, performance measures, budget and personnel decisions.

Customer service does not depend on a single leader; it must be built into the way your organization does business.

Know the Benefits of Frontline Complaint Resolution

Solving problems when and where they occur is not only better and faster, it's cheaper. If a front desk clerk can solve the problem on the phone, it saves time and money.

Written complaints are similar. If the person who first reads the email, letter or online post can solve the problem, it costs less and results in a faster response, meaning fewer follow-up attempts to find out what happened.

Smart leaders recognize that it makes good business sense to empower frontline employees to do what it takes to satisfy customers, by ensuring their frontline has the authority, training and responsibility for customer recovery.

Customer recovery takes a lot of different forms. Frontline employees can offer discount coupons, speed up lost refunds or waive penalties. When appropriate, they can also provide a clear explanation for what happened and an apology.

Focus on Improving Quality, Not Dealing with Symptoms

If routine problems are effectively resolved on the frontline, leaders can focus on improving core processes that improve service quality and customer happiness.

Track problems and root causes, then analyze the data, look for patterns and identify ways to make improvements in systems, procedures and training.

Information & Analysis

Successful companies support their frontline employees with the information and tools they need to respond to customer complaints and inquiries. It's important to see the information provided in customers complaints as valuable. It's like free market research.

Equally important is collecting and analyzing information about complaints. Use a variety of approaches to capture and analyze the information and to use the information for both routine and strategic management decisions.

Support Frontline Employees with Integrated Online Databases

Progressive companies use integrated, online information systems designed to support the performance of the frontline employees who interact with customers and assist them in answering customer inquiries quickly and accurately.

Characteristics of state-of-the-art information systems include:

- Standardized formats to streamline the process with frequently asked questions and answers, standard responses or actual scripts.
- Unique customer identification and access to customer information so that the representative can give personalized service.
- Simple online procedures manuals, often with help screens.
- Simple codes and easy-to-use features.
- Employee participation in development and testing to make sure that systems are accurate and easy to use.
- Realtime information exchange and retrieval and tools (such as email) so that employees can complete transactions quickly.
- Links to fully integrated information databases with scanned documents, product developments, standard responses and performance statistics.
- Technical support as a first alarm response to help frontline employees.

Capture Information About Customer Problems and Questions

Frontline employees enter data to avoid duplication of effort, improve accuracy and avoid backups in obtaining information about complaints.

Integrating customer service systems with customer databases can increase efficiency by pulling customer information from the customer record to populate fields.

Analyze data to identify common concerns and facilitate problem-solving. Determine root causes of common problems and put preventive strategies in place to eliminate them.

For example, determining how to prevent customers from becoming dissatisfied or from needing to call for further information leads to a preventive strategy known as "call avoidance."

Managers in world-class organizations have real time trend information, rather than end-of-the-period updates. They also get analysis that links frontline performance with corporate goals for customer satisfaction.

Menu-driven programs allow users across the organization to develop reports and graphs from data specific to their area of responsibility.

Using software tailored to organizational needs, managers can retrieve and see complaint data displayed by type, region, product or service line, injury or catastrophic event, units responsible, root cause, volume, etc.



Sample charts showing various complaint data including type, location, status and more.

Effective analysis uses integrated and non-duplicative databases. These databases include complaints from all sources, e.g., emails, webforms, social media, phone calls, surveys, focus groups and in-person comment cards.

Database records include names, addresses, phone numbers, email address or social media handle, individual employee assigned, actions taken, due dates, progress, disposition and other descriptive information used to enhance all customer contacts.

The features of these systems include:

- Precise categories and types of concerns
- Automated hot topics
- Automated ad hoc reporting
- Competitive information gathering

Address Underlying Causes of Problems

More complex problems or ones with policy implications should be prioritized based on impact and referred to a team charged with solving them.

Some companies prioritize and attack the core complaints of the most frequent or highest volume customers. Where there is a fully integrated automated complaint system, core problems are automatically routed to action agents.

Action agents further analyze the data and refer problems to the area of the organization that can best fix the problems and organize cross-functional teams of employees from all levels in the chain of command to get at the root cause and correct it.

By fixing root causes, you'll avoid future problems of the same nature, resulting in improved customer loyalty and organizational productivity.

For example, critical analysis of data might demonstrate that a large number of the 35,000 calls received each month are easy billing questions. An automated voice response system can answer these questions, decreasing the number of calls received per month and giving customers faster access to the information they need.

Create activity reports on actions taken to fix problems. Information on actions taken and overall improvements are communicated to management, staff employees, frontline employees and even customers.

Planning

Information generated from complaints is an important component of customer feedback that drives business decisions and strategic planning in successful companies. They integrate information and use it effectively to serve customers. They implement new lines of business because their customers ask for it.

Use Customer Feedback for Decisions About How Resources are Used

Planning includes finding the best way to acquire new customers and maintain long term loyalty. Obviously, complaint data are only part of customer feedback, but it is the importance of all forms of customer feedback, including complaint data, that characterizes planning.

Using this information, successful organizations make decisions about the use of people, technology and other resources to meet customer needs.

Communicate Strategic Plans Throughout the Organization

There is no question about how important customers are at every level in world-class organizations. Mission and vision statements about the importance of customers are only as good as their impact on behavior.

Managers need to "walk the talk" and every employee needs to know how their work contributes to the organization's goals and performance plans.

Have Dynamic Planning Processes

Look to the future and recognize that the way you do business must evolve constantly to keep a competitive edge. Project information about customers, and other aspects of the business environment, to develop future scenarios and determine what changes are needed.

Constant assessment of customer feedback, as part of the planning process, leads to new product lines and services.

Human Resource Development & Management

Resolving complaints on a regular basis can be stressful. Successful organizations know that and treat their customer service representatives with respect and dignity.

Select people carefully for the job, train them and foster a supportive working environment. Frontline employees count in every company.

Recruit and Hire the Best for Customer Service

Complaint-handling employees should be considered complaint-handling or customer service professionals. Some successful companies do not have a separate customer service position, but rather train their technical experts to handle complaints as part of their job.

Companies that fill openings from within the organizations draw only from a list of highly qualified employees with a demonstrated interest and skill in working with the public. Others hire from outside, but with a highly selective screening process and a competitive marketplace starting salary.

The most important factor in hiring is the selection of individuals who fit in with the customer service culture and demonstrate a skill and interest in working with the public.

Promote and Pay People Who Satisfy Customers

Some organizations build the customer service position into a career ladder for promotional advancement in the company.

Others build progression into the position via skill-based pay systems. That is, new skills and improved performance results in increased pay and responsibility.

See [Training as a Critical Investment, Not an Expense](#)

Most companies provide rigid on-the-job training with someone experienced for new employees. They are educated in the underlying principles and mission of the organization, and in the performance expected of them to maintain those principles and mission.

Successful companies, in addition to new employee training, will provide ongoing training classes for different categories. Use complaint data to identify training needs.

To enhance individual interpersonal relationships, training offerings cover active listening, behavioral interviewing, communicating across cultures, correction

and building relationships. Training offerings can also include personal growth skills, group relationship development, business operators, measurement skills and more.

Create a Performance Culture

Successful businesses have a performance-focused culture. Organizational vision, values, goals and objectives reach all the way down to the frontline.

The work environment may be casual or formal, but customer and quality concerns are always present. In this atmosphere, complaints are viewed as an opportunity to improve rather than an indictment of performance.

Employees feel encouraged to contribute their ideas for improving processes, regardless of rank or function. A well-developed feedback loop lets the employee know the disposition of the recommendation. Employee feedback is also valued in focus groups, customer online comments, assessment tools, internal surveys and management information sessions.

Use Teams and Teamwork

A team-oriented culture is the norm with world-class organizations. Teams accept ownership of complaints and work together to handle complaints, analyze the problems and generate new ideas.

All employees are involved in the vision. They have state-of-the-art equipment. The information technology staff that developed the software spend time on the telephone with customers so they can learn what is needed to satisfy customers. Work stations are designed as a neighborhood environment, partnering employees with different skills into self-managed work teams.

The goal of the operation is to delight the customer in world-class fashion and the customer service professionals on the frontline work together to do so.

Give Employees Authority and Responsibility to Resolve Complaints

Empowerment of customer service representatives is crucial to providing customers on-the-spot, just-in-time resolution to their problems. They must have the authority to do what it takes to make things right in the customer's eyes.

Also crucial is arming those employees with the resources to properly handle complaints. Employees with a feeling of ownership in the company help each other for the good of the organization. They take responsibility for improving their own skill levels, solving problems and sharing information. They share information so the same mistakes do not recur.

Recognize and Reward Success

World-class organizations recognize accomplishments frequently and in a large variety of ways, monetary and non-monetary. These companies use employee appreciation events, celebrations, “team of the year” awards, bonuses and merchandise.

Evaluation methods are geared toward customer recovery and performance improvement. For example, supervisors use call monitoring as an evaluation tool to help the employee perform better, not to give them a poor appraisal rating.

Feedback is continuous throughout the year rather than annually or bi-annually. Performance measures tie back to the company's mission, goals and customer satisfaction.

Involve Frontline Employees in Solving Problems

In successful companies, managers value feedback from frontline employees, to the point of using the feedback in making decisions. Frontline employees are held accountable but given authority too. They are encouraged to tell management about their customer's concerns.

These employees buy into the system because they can see results based on their suggestions and input. Documenting customer calls helps to decrease the number of dissatisfied customers by determining the root cause of the problems.

The company brings frontline employees in from the field to analyze problems, recommend alternatives to management and implement the accepted solution.

Employees embrace the corporate culture that complaints are opportunities to improve. All employees feel responsible for solving problems. Managers see the importance of the job of frontline employees by listening to and acting on the employees' ideas, rewarding their efforts and offering training for growth.

Complaint Process Management

World-class service providers have a carefully developed complaint handling process. That process is customer-focused, clearly understood by all employees, has performance standards and is linked to the core operation.

Without a well-designed and well-managed process, complaints are often handed off to different offices for response, delaying and generally increasing the cost of the response.

Know Your Processes

Successful organizations have a process map for their complaint handling processes. The map is key to understanding what occurred and is invaluable in perceiving the gaps between the goal of delighting the customer and what took place.

Many companies begin by using simple flow-charting methodology. Some have subsequently developed more complex and more graphic maps, but they all map their process.

Customer representatives and complaint process managers clearly understand the services and products offered by their company or agency. They study and understand the customers' expectations.

For example, at one company, customer telephone surveys are used to monitor the expectations of customers who call with a problem. At another, managers analyze verbatim comments from complaints when they set performance goals for customer representatives.

The best complaint departments have immediate goals to fix the problem at hand, satisfy the customer to the extent allowed by company policy or the law and to make systemic improvements to prevent the problem from recurring. They strive to prevent problems through revised procedures and support for on-the-spot and post event complaints recovery by frontline staff and managers.

Successful companies know how well they are meeting this goal. There are different processes for meeting the goal depending on how the customer contacts the organization.

They provide one stop resolution and if handoffs are necessary, they are seamless (transparent to the customer). First call problem resolution while the customer is on the telephone is an element of world-class complaint handling.

Use Customer and Employee Input to Design Processes

Developing a world-class complaint process begins and ends with the customer.

At one company, customers participate throughout the process of product design, development and support in order to express concern at the front-end of product delivery. Program managers respond to customer problems directly, and senior executives maintain ongoing, personal contact with customers.

Design complaint processes with input from customers *and* employees. Develop a culture that supports teamwork with the customer as part of the team. Design the process with top management commitment, performance measurements and a direct link to core processes.

Use Technology to Support and Improve the Complaint Process

The most successful companies and agencies have a technologically advanced infrastructure to answer complaints and other customer inquiries.

They use webforms, social media monitoring and office automation for state-of-the-art online customer support systems.

Practice Continuous Process Improvement

The key to beating the competition and keeping up with the times is continuous improvement. The key to continuous improvement is to refine, redesign and improve your processes while putting the customer first.

Successful companies focus their attention on process improvement and they're good at it. Customers are kept involved; employees are recruited and trained with long range improvement in mind. Top management is kept informed along with the frontline.

Best practices are developed by benchmarking and are carefully implemented and recorded. Performance measures are constantly monitored to identify gaps that could lead to opportunities to make things better.

Employees are empowered to suggest and make process changes that help customers. Improvements are recognized. Constant feedback from both customers and employees and constant re-evaluation based on satisfaction measurement assures constant improvement.

Business Results

Success for commercial companies is long term profitability, generated by maximizing customer satisfaction and loyalty. The primary goal of government is to provide services to citizens, but long-term success is also generated by maximizing satisfaction and earning the public trust.

In both arenas we must know what our customers expect, how well we meet those expectations, what problems our customers encounter, how much these problems cost us to respond to and how much they impact satisfaction. Finally, we must change our processes to eliminate those problems.

The best-in-business reduce their costs and increase profits with the following:

Key Performance Measures

Use a variety of measures to assess the performance of complaint handling systems. These measures are part of a balanced scorecard, i.e., a set of organizational performance measures.

Performance measures are dynamic. They change as goals are met, priority customer segments are identified, improvements are made, and predictive measures are developed.

Timeliness and Efficiency

Successful customer service measures timeliness with a strong focus on first-call resolution or online resolution and averages an 85 per cent resolution on the first contact for all calls received.

Timeliness standards vary by complexity and by industry but should be specific, for example: resolution within five business days.

Preventive measures are more difficult, although some organizations quantify calls avoided and other complaint prevention strategies. Examples of measures and some high-end norms include backlog, cycle time and call avoidance.

Customer Satisfaction

Successful companies see quality and customer satisfaction as their first priority and a variety of measures are used to track the performance of the complaint handling system from the customer's perspective.

Overall satisfaction with how complaints are handled is tracked using survey responses from customers who have made complaints. A variety of other characteristics are measured, such as whether they understood the decision or

felt they'd been treated fairly. The best-in-business continually monitor customer expectations for and satisfaction with their complaint resolution system.

Call Center Measures

Organizations responding to complaints through call centers use a variety of measures:

- Average answer speed
- Abandoned call rate
- Busy rate

Correspondence Center Measures

Organizations responding to written complaints use measures:

- Average response time for standard or information responses
- Average response time for specialized/individual responses
- Cycle time for each type of response

Workload Measure

Track work load through measures such as numbers of calls, complaints or letters. However, be careful about how these numbers, especially numbers of complaints, are interpreted.

Is it good or bad that the number of complaints went up in a certain period? Does it reflect more effective marketing of the complaint system? A problem with educational material? The introduction of a new product?

If it has been difficult to complain and an organization makes it easier, the number of complaints should increase initially. Then, as complaint data and other customer feedback are used to eliminate underlying problems, the number of complaints should decline.

The best companies do everything they can to encourage complaints and as a result they greatly reduce the number of complaints received.

Employee Satisfaction

Employee satisfaction is considered to be a key indicator of productivity and customer satisfaction. Track employee satisfaction through the use of surveys and/or predictive indicators, such as:

- Employee satisfaction survey results
- Attrition rates of employees
- Training hours in customer service per employee

Social Media and Online Complaints

Social media is quickly becoming one of the most effective means of getting attention. Consumers turn to Facebook and Twitter to air their views, both positive and negative.

Since negative experiences garner so much more attention than positive ones, it's important to keep a constant eye out for any complaints on social media.

Best-in-business companies are effectively managing social media complaints by answering questions, responding to complaints and providing assistance in other ways.

Respond Quickly & Personally

The faster you respond to a public complaint, the more compassionate you look. Quick public responses to social media complaints make the company look professional and "on-the-ball".

Experts recommend responding to Twitter complaints within two hours. Other social media platforms, like Facebook, are a little slower, but you should address complaints here within 24 hours.

When addressing consumer complaints on social media, it's a good idea to use the customer's name whenever possible. This kind of personal interaction is in the public eye and shows that the company cares about the problem being raised.

Thank the complainant for leaving his or her valuable feedback online and make it clear that the company values complaints and sees them as an opportunity to improve. The public appreciates this kind of transparency and sees it as a genuine effort to provide great customer service

Don't Delete or Hide the Post

Deleting or ignoring a consumer complaint on social media gives the impression that you are hiding something. It's the same thing as ignoring a customer in your establishment, or worse.

Even an irate consumer should be acknowledged. Sometimes engaging the person is enough to stop a social media rant that could harm you. Deleting the complaint will only make the customer angrier and more prone to ranting on social media.

Go Offline

After acknowledging a complaint and expressing a desire to fix it, it's often best to get offline and communicate with the customer privately. Ask the customer if he or she would like to communicate by telephone, email or using the private message option on the social media platform.

After the resolution, and if it's appropriate, encourage the satisfied customer to go back to social media and post their satisfaction with the outcome of the complaint. Warning: this can backfire easily and is only appropriate when a customer is truly happy with the outcome.

Monitor for Rogue Complaints

Tweets that don't use the company's handle pose significantly less risk to brand reputation. Actively seeking out the rogue complaints is a mark of how much a company cares about making things right.

Monitoring tools allow users to search for specific words mentioned on social media platforms. Other programs are capable of sending notifications when posts use words commonly associated with a company's brand.

Checklist for Implementing Best Practices

- ❑ Get executive buy-in. In order to achieve any real success, senior management must support the team.
- ❑ Put together an implementation team. This team should include a representative from each step in the complaint handling process.
- ❑ Map your current processes, both for complaints and the core processes to which they relate.
- ❑ Conduct a gap analysis. The team should compare its own operations to the best practices listed to understand where there are key differences between the team's organization and world-class performance.
- ❑ Develop recommendations. Based on the gap analysis, the team should develop a list of recommended changes in the organization's processes designed to close the gap.
- ❑ Brief the stakeholders. Senior executives and, where relevant, upper level union management, should be briefed on proposed recommendations.
- ❑ Implementation. The team should then put together an action plan for implementing the approved recommendations.
- ❑ Achieve measurable results. Done right, your customers should notice changes within six months.

Complaint Management System Checklist

In planning a system for complaint management or evaluating the one you have in place, consider the following questions:

- Does your company depend on repeat customers?
- Do you have written procedures for your complaint management system?
- Are staff throughout the company well aware of the procedures?
- Does management oversee your complaint-handling procedures?
- Do incentives exist to reinforce staff commitment to satisfaction?
- Is your complaint system easily accessible to consumers?
- Do you publicize your complaint system to consumers? If yes, how?
- Is your complaint system organized so that:
 - frontline employees have clear responsibilities for resolving complaints in one department or location?
 - larger or more serious complaints are referred to designated senior managers?
- Are you providing training for your complaint management staff?
- Does the customer relations staff feel they have equal stature with other professionals in the company?
- Do you periodically survey your customers to see if they are satisfied with your complaint management system? Do you encourage feedback?
- Do you regularly review your complaint management system?
- Do you use your system of complaint management for more than settling individual complaints? For example, quality control?
- Does your complaint system swiftly generate systematic information about causes of complaints and complaint trends?
- Does this data meet your management needs?
- Do you circulate to management periodic reports of data from complaint records with suggestions for action to prevent recurring problems?
- Can you identify company areas in which your complaint management system is having an effect? Is the effect positive or negative?
- Do you coordinate your complaint management system with others in the distribution chain for your products or services?
- Do you have an adequate understanding of how these external organizations are affecting your relationship with consumers?
- Do you work cooperatively with local/governmental consumer agencies?
- Do you use third-party dispute resolution mechanisms for those problems not resolved in house (i.e. mediation or arbitration)?