

6 Ways To Benefit From Customer Complaint

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In 50 Words Or Less

- The way a service organization handles customer complaints can determine whether it has a competitive advantage in the marketplace.
- These six ideas can help an organization improve its business performance through effective complaint handling.

The hypercompetitive service market has few areas in which real advantages can be achieved. The handling of customer complaints is one area in which a service organization can make an impact. These six practical ideas can help an organization improve critical components of business performance through effective complaint handling.

1. Handle Complaints As Opportunities

A complaint can be seen as a problem or an opportunity. Problems are not welcomed. Looking at the complaint as a problem creates fear and discomfort. A fearful and defensive environment that searches for the guilty party and shifts the blame is not supportive of creative actions and performance improvement.

Opportunities, however, are appreciated. An organization that sees opportunities in complaints is trying to gain the maximum benefit from customers' feedback. Such companies are open to complaints and actively use them to improve their reputation, credibility, and customer confidence and satisfaction.

Table 1 (p. 50) will help you identify whether your organization sees complaints as problems or opportunities. Complete each sentence in the table with a phrase from either column A or column B. If none of your statements end with a phrase from column A, then you can skip to the next idea.

If one or more of your statements end with a phrase in column A, then your organization likely handles complaints as problems. It means your complaint handling process comprises significant opportunities for improvement. Your goal is to develop a positive attitude among all employees toward complaints. Everyone in the organization must believe complaints are useful. The following rules will help you achieve this:

- Conduct training for all managers and customer-facing staff on the current world-class best practices in complaint handling (see ideas five and six for details).
- Receive senior management endorsement to look on complaints as positive, and make sure all employees are aware of this.
- Separate disciplinary procedures from the complaint handling process.

TABLE 1 Test To Identify Attitude Toward Complaints

	A	B
A complaint is	a problem.	an opportunity.
Receiving complaints is	a painful and awkward situation.	a chance to retain dissatisfied customers.
Above all, a complainant	wants compensation.	gives important information.
Employees are	defensive about complaints.	open to complaints.
Employees tend to	shift blame elsewhere.	recognize the needs of dissatisfied customers.
Complaints are resolved	with problem solving techniques.	with a systematic process linked to a continuous improvement process.
When a complaint is closed,	someone will likely be punished.	something should be improved.
Complaints	must be reduced.	are encouraged and welcomed.

[Table 1](#)

By following these rules, you will contribute to a no-blame culture in your organization, eliminate fear and discomfort among personnel involved in complaint handling and improve the work environment.

According to the authors of Primal Leadership, the “emotions and attitude of workers impact results such as productivity, quality, service, revenue and profit. Understanding the powerful role of emotions in the workplace sets the best leaders apart from the rest.”¹

2. Encourage Customers To Express Dissatisfaction

By encouraging customers to express their complaints, your organization increases its chances of retaining dissatisfied customers. Did you know:

- Just 4% of dissatisfied customers complain, while 96% go to competitors.²
- 90% of defecting customers never come back.³
- 90% of customers whose complaints are resolved do not defect.⁴
- A dissatisfied customer usually tells up to 10 people about a negative experience.⁵
- It will cost an organization five to six times more to attract new customers than to keep old ones.⁶

Your organization's ability to uncover and resolve dissatisfaction contributes strongly to its good image, reputation and profitability.

Adopting the following practices will help you encourage customers to express their dissatisfaction:

- Publicly state complaints are welcomed.
- Widely publicize information on how and where to complain.
- Make submission of complaints as simple as possible.

Doing these three things will encourage more customers to tell you about their dissatisfaction, instead of going to your competitors, and bring you more sales for the same marketing costs.

When practical, you should also compare the number of defecting customers who didn't complain before leaving with the number of customers who complained. Among the customers who complained, compare the number of customers who defected with those who kept working with your organization. Use these figures to monitor your progress in encouraging customers to complain.

3. Consider the Customer's Perspective

An organization must appreciate a customer who takes the time to complain and provide him or her with a timesaving and convenient complaint handling process. While designing a complaint handling process, first think of who your customers are:

- Do you provide service in two or more languages? Then provide information and assistance in whatever languages the service is provided.
- Do you have customers with special needs? Then provide information and assistance in complaint handling in alternative formats, such as large print, Braille or audiotape.
- Do you have customers with learning or literacy difficulties? Then consider issuing a picture book on complaint handling.

The following recommendations will help you focus your complaint handling process on your customers' needs:

- Acknowledge complaints.
- Give complainants a timeframe for response, and keep them informed of the progress.
- Maintain information concerning the complainant in confidentiality.
- Do not charge the complainant in any way.
- Communicate with the complainant, and write the complaint handling documentation in plain language. Using plain language increases the customer compliance rate 2.37 times, reduces inquiries from customers 5.8 times and saves customers' time to solve a problem 1.62 times.^{7, 8}

If you take these actions, more customers will be pleased with how their complaints are handled and will not defect when their complaints are resolved.

4. Establish Documentation, Maintain Records

Informal policies and inconsistent complaint handling processes cause more complaints than they help resolve. Our research data show documented policies and processes reduce errors and mistakes by at least 48% and improve efficiency and performance by at least 37%.⁹

First, you need to create a complaint handling policy and objectives that give focus and direction to the complaint handling process.¹⁰ Then you need to support the process with a set of procedures that define:

- Methods for planning, designing, operating, maintaining, analyzing and improving the complaint handling process.
- Requirements for receiving, tracking, investigating, responding to, resolving and closing complaints.
- Methods for gathering, coding, classifying, storing, using and disposing of records related to the complaint handling process.
- Roles and responsibilities of all staff with respect to complaint management.

By doing so, you will reduce mistakes and errors, reduce both the complainant's and the organization's time spent on complaint handling and provide services and operations with comprehensive data for improvement.

In 2000, the British Standards Institution (BSI) launched a formal Complaints Management Scheme (CMS)—a systematic approach telling organizations how to react when customers are not satisfied. The first organization that earned a CMS registration by BSI was Camden Council, a local authority that handled more than 2,000 complaints a year. Registration was based on audit conclusions related to implementation of the complaint handling policy and procedures.

5. Train Employees

Employees who deal with customers represent the service organization in the eyes of the customers, so the best complaint handling processes operate with a skilled and trained staff. It is essential to provide relevant, high quality training to the complaint management staff and its supervisors and managers.

The training must enable top and middle managers to establish an effective complaint handling policy and objectives, design an effective complaint handling process, integrate it into the management system and provide needed control over it. Training must also enable the staff that interfaces with customers to use complaint handling principles and recognize and address the needs of complainants while providing the standards of courtesy, acknowledgment and response, as established by the organization's complaint handling procedures.

An organization that chooses to outsource the complaint handling process to a call center will not lose any authority or responsibility over the process. In this situation, the organization simply needs to define the requirements and ensure appropriate control over the training and motivation of the outsourced complaint management staff.

An organization with appropriately trained staff will earn more opportunities to resolve a complaint to the satisfaction of the complainant and will have more customers give positive referrals.

TABLE 2 Application of ISO 9004 to Complaint Handling

ISO 9004 quality management principle	To properly apply the quality management principle to complaint handling:
Customer focus	Focus complaint handling on customers'/complainants' needs and requirements.
Leadership	Ensure leaders' commitment to effective and efficient complaint handling.
Involvement of people	Train employees to work with customers/complainants, and motivate them to improve their skills.
Process approach	Manage complaint handling as a process.
System approach to management	Identify how the complaint handling process interacts with other business processes in your management system.
Continual improvement	Continually improve the effectiveness and efficiency of the complaint handling process.
Factual approach to decision making	Analyze complaint handling information and data to make decisions for improvements.
Mutually beneficial supplier relationships	Provide suppliers affected by the complaint with adequate information so they are able to make improvements.

Table 2

6. Adhere to World-Class Best Practices

There is no better advice in the area of complaint handling than that found in world-class best practices. Making a commitment to the quality management principles in ISO 9004:11 can form the basis for an effective complaint handling process (see Table 2).

One of the best ways to attain business benefits from complaints is to adhere to ISO 10002:2004 Quality Management-Customer Satisfaction-Guidelines for Complaints Handling in Organizations. ISO 10002:2004 provides extensive guidelines on planning, designing, operating, maintaining, analyzing and improving the complaint handling process.¹²

By complying to this standard, your organization's complaint handling process will be best in class. The company will also reduce complaint handling costs and improve its reputation, image, services and operations.

Considering and following through on these six ideas will help your organization gain the competitive edge so many service oriented organizations need. Remember:

- If your staff members are trained and motivated to see complaints as opportunities without the fear the complaints will reflect poorly on them, their work environment and individual performance will improve.

- If your organization encourages customers to express their dissatisfaction, it will increase its chances to retain dissatisfied customers.
- If your organization focuses its complaint handling process on its customers' needs and interests, it will enhance customer satisfaction and loyalty.
- If your organization establishes a clear complaint handling policy and procedures and provides proper control over the complaint handling records, it will reduce mistakes, save time and provide data for improvements.
- If the complaint management staff, supervisors and managers are well trained in complaint handling, the complaint handling process will consistently operate in compliance with established procedures and policies.
- If your organization adheres to an international complaint management standard, it will operate at the same level as other world-class organizations.

REFERENCES AND NOTES

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