Complaints Handling and Why It Matters

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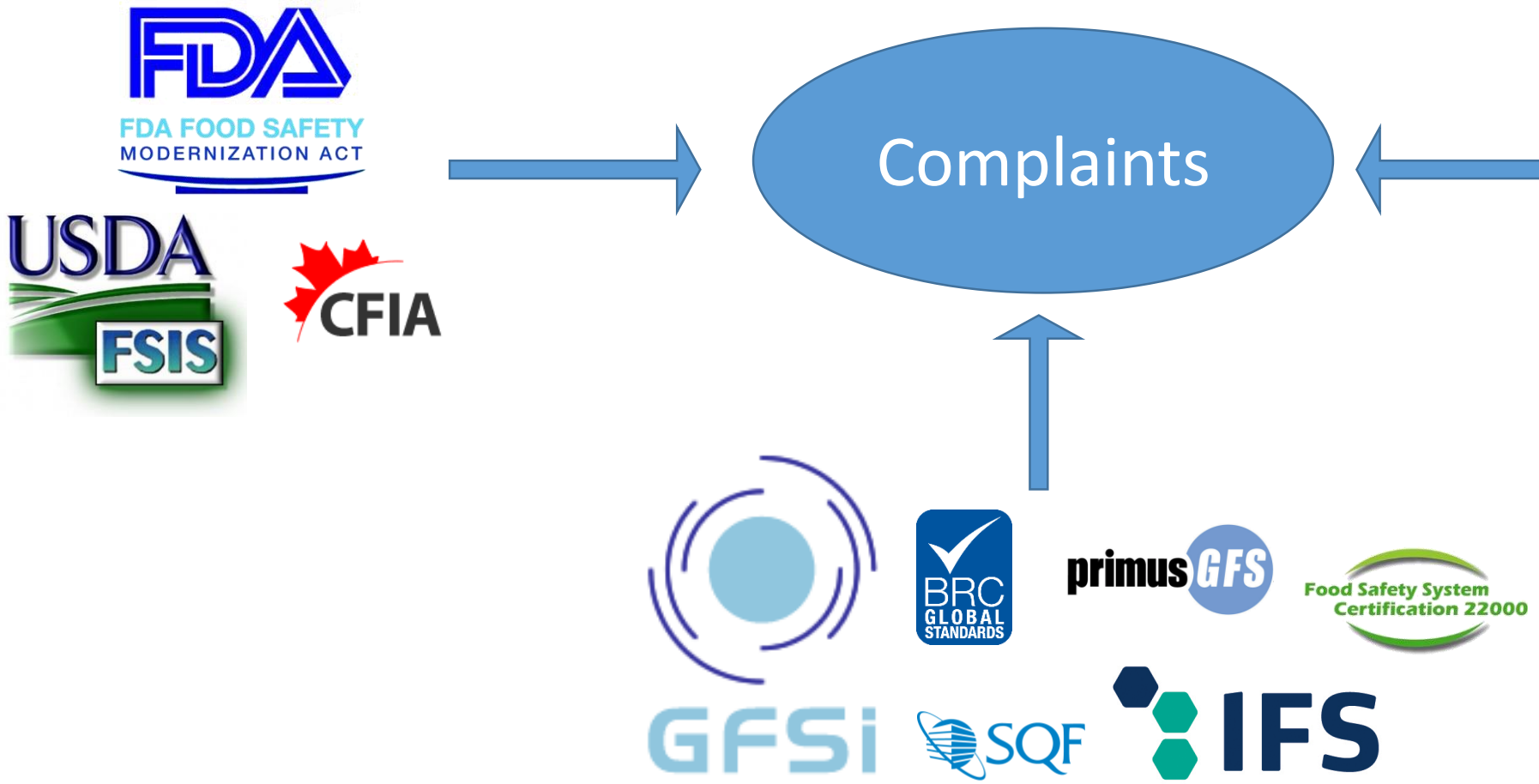
What is a complaint?

- Webster's defines "complaint" as:
  - A statement that you are unhappy or not satisfied with something
  - The act of saying or writing that you are unhappy or dissatisfied with something
  - Something to be unhappy about
  - Official description: *A formal allegation against a party*

Why do we HAVE to listen to complaints?



Complaints Handling:

- Best practices for handling customer complaints involve:
  - Prompt Acknowledgment
  - Reliable Tracking
  - Timely Resolution

Complaints Handling: Best Practices

- Complaints are a veritable goldmine of information
  - Opportunity to be notified of issues and correct problems immediately
    - Improve Products
    - Adjust Marketing Strategy
    - Upgrade Product & Services
    - Modify Product Information

Complaints Handling: Management's Role

- Management attitudes are reflected in the conduct of employees and the performance of the company
- Top-level commitment to effective complaint management
  - Establishes motive
  - Establishes incentives

Complaint Statistics

- A typical business hears from 4% of it's dissatisfied customers

Complaint Statistics

- It takes 12 positive experiences to make up for one unresolved negative experience

Complaints Handling: Cost and Return on Investment

- A good customer retention strategy incurs cost
- So does a badly performed service
  - It costs much more to replace a customer than it does to retain one (as much as 5x's more!)
- Focus shift from constantly courting new customers to customer retention

Complaints Handling: Visibility and Accessibility

- A Complaint Management System must be visible and accessible in order to serve consumers and accomplish company goals
- Management, Sales, Services, and Public Relations should all cooperate to make the complaint system accessible to consumers

Complaints Handling: Visibility and Accessibility

- Posters and signs
- Published on contract forms and sales slips
- Published in account mailings
- In the instructions
- In Advsertising
- On product packaging and labeling

Complaints Handling: Visibility and Accessibility

- Instructing consumers of their responsibilities can help avoid misunderstandings and unnecessary complaints.

Complaints Handling: Empower the staff

- Consumers are likely to turn first to the place of their purchase
- Resolving complaints at this level avoids unnecessary consumer frustration and preserves the relationship with the customer

Complaints Handling: Resolution

- Conciliation:
  A neutral conciliator brings the parties together and encourages them to find a mutually acceptable resolution to the dispute.
- Mediation:
  A neutral mediator becomes actively involved in negotiations between the parties. The mediator can propose a resolution, but cannot dictate a settlement of the dispute.
- Arbitration:
  An independent individual or panel hears the facts on both sides of a dispute and reaches a decision. Usually both parties have previously agreed to abide by the decision, but in some systems, only the business agrees in advance to abide by the outcome of the arbitration.

Complaints Handling: Designate a Location to Receive Complaints

- Consumers need to know where and how to file compalints or make inquiries
  - Select a place (or method) to receive compalints and make it visible (and accessible) to consumers
  - Publicise the complaint system to encourage consumers to voice their dissatisfaction and to make the good intentions of the company apparent

Complaints Handling: Develop a System for Record Keeping

- Prepare forms for recording, categorizing, and filing complaint records
  - Utilize software that was designed and is fit for the purpose

Complaints Handling: Process and Record Complaints

- Log in the complaint and any relevant data
- Categorize it for resolution and record keeping.
- Assign the complaint to one person for handling
- Forward the complaint to another level of authority, if appropriate

Complaints Handling: Acknowledge Complaints

- Personalize the response
- Talk to the customer, if possible, by phone or in person
- Use letters when necessary, but avoid impersonal form letters
- Take extra time, if needed, to help consumers with special needs (such as language barriers)

Complaints Handling: Analyze Complaint

- Be fair
- Get both sides of the story
- Keep records in the complaint file of all meetings, conversations or findings

Complaints Handling: Resolve the Problem

Resolve the issue in a manner consistent with company policy

- Forward the complaint to the appropriate level of authority for resolution
- Keep the consumer informed through progress reports
- Notify the consumer promptly of a proposed settlement

Complaints Handling: Follow Up

- Find out if the consumer is satisfied with the resolution
- Refer the complaint to a third-party dispute resolution mechanism (if necessary)
- Cooperate with the third-party

Complaints Handling: Prepare and File Close Out Report

- Circulate complaint statistics and action proposals to appropriate departments
- Develop an action plan for complaint prevention
- Make sure the consumer viewpoint is given appropriate consideration in company decision making

Complaints Handling: Conclusion

- Company policies vary widely
- There is no single formula for universal relief for the consumer
- Committment and continuing involvement of company management is critical to success!

Complaints Handling: Evaluate your complaint management system

- Do you depend on repeat customers?
- Do you have written procedures in place?
- Are company staff well aware of the CMS?
- Does Management directly oversee the complaint process?

Complaints Handling: Evaluate your complaint management system

- Do incentives exist to reinforce staff committment?
- Is your complaint system accessible?
- Do you publicize your complaint system to consumers?

Complaints Handling: Evaluate your complaint management system

- Is your complaint system organized?
- Are you providing training?
- Does the customer relations staff feel like equals in your organization?
- Do you survey your customers and encourage feedback?

Complaints Handling: Evaluate your complaint management system

- Do you review your CMS and make necessary improvements?
- Do you utilize your CMS for more than settling individual complaints?
- Does your CMS quickly generate information?
  - Causes
  - Trends

Complaints Handling: Evaluate your complaint management system

- Does it meet your needs?
- Do you issue reports to management?
- Can you identify areas where the CMS is having an effect?
- Do you coordinate your CMS with other systems?

Complaints Handling: Evaluate your complaint management system

- Do you understand your relationship with consumers?
- Do you work cooperatively with the government?
- Do you use 3rd Party Dispute Resolution mechanisms?