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Source: Government of the United States of America

1. Executive Summary

The government's customer service revolution started in 1993 with a recommendation from Vice President Gore's National Performance Review team, followed by President Clinton's Executive Order, "Setting Customer Service Standards." The President directed federal agencies to survey their customers to see what kind of service people want and whether they are getting it; to get ideas from front-line workers who deal with customers day-to-day; to give customers choices and easy access; and to develop a way for citizens to complain and get problems fixed. He set a goal for the government to deliver service equal to the best-in-business.

In 1995, President Clinton reinforced his order to put customers first. It leaves no doubt that the goal is a revolution in how government does business so that customers are the focus. Customer service standards and measures are to be part of strategic plans, training programs, personnel systems, and anything else that ought to be changed to advance the citizen's satisfaction with government service.

To comply with the Presidents directive, teams of government agencies embarked on a series of benchmarking studies. For purposes of this study, Benchmarking means determining which businesses--public and private--are doing the best job of customer complaint resolution (request study), understanding the gap between the agencies' own performance and taking action to close that performance gap. When the best-in-business were identified, government teams set out to determine why they were the best and then set forth an action plan to make their agencies as good as, or better than, the benchmarked businesses in resolving customer complaints.

Some of the valuable lessons learned during this process are:

- Make it easy for your customers to complain and your customers will make it easy for you to improve. A dramatic lesson was learned by the teams involved in this study; the best-in-business want their customers to complain. Informed customers know how your services should work. If things are not working, customers are the first to know. Customers who are dissatisfied tell twice as many people about it as those who are happy with your service. The best-in-business use feedback from 1-800 calls, letters, and surveys to identify and resolve root causes of dissatisfaction and to change their services to ensure that the customer will be quickly satisfied.
- Respond to complaints quickly and courteously with common sense and you will improve customer loyalty. We found that customers reward companies that quickly solve problems by remaining loyal customers. A speedy response can add 25 percent to customer loyalty. Toyota Motor Sales USA, Inc. has adopted a formula for customer satisfaction; doing the job right the first time + effective complaint management = maximum customer satisfaction/loyalty. Government agencies can develop the same kind of loyalty and trust from the public if we match or exceed the best-in-business.
- Resolve complaints on the first contact and (1) save money by eliminating unnecessary additional contacts that escalate costs and (2) build customer confidence. A call back which involves two or more employees just has to cost more than a call that is handled right the first time. Our research confirms that resolving a complaint on the first contact reduced the cost by at least 50 percent.

- Technology utilization is critical in complaint handling systems. Use your computers to develop a data base of complaints. See if you find a trend. Then fix it! We learned that the best-in-business electronically compiled customer complaint information and presented it to everyone, including management, so that the organization could better align services and products to meet customer expectations.
- Recruit and hire the best for customer service jobs. The customer service and complaint resolution specialist positions established by benchmarking partners tend to be highly sought-after positions. Complaint specialists learn the company so well they get promoted. Some organizations built the customer service position into a formal career ladder for advancement in the company. In all instances, front-line employees were valued for feedback in making decisions.

There is no reason why each government department cannot equal the best-in-business customer complaint resolution systems. The blueprint is in this book. Follow this simple plan and you will improve customer satisfaction and reduce your costs at the same time.

In a nutshell, a manager who wants to have a first-rate complaint system with results within six months should take five steps:

1. Issue a policy statement that says our organization embraces complaints; we view complaints as opportunities.
2. Establish an implementation team with representatives from each step in the complaint handling process and identify each step in the process.
3. Establish a tracking system. Your staff should record and classify complaints which will allow them to analyze the complaint data and report to top management. The difference between your process and the best-in-business process is known as the gap. A gap analysis will show you what to improve.
4. Develop recommendations to improve your core processes and empower front-line employees to resolve complaints on first contact.
5. Implement. The team should put together an action plan for implementing the approved recommendations

Done right, your customer will notice changes within six months!

2. Overview

"All executive departments that provide significant services to the public shall provide a means to address complaints and make information, services, and complaint systems easily accessible." President Bill Clinton

Introduction

When Americans have a problem with something, they tell someone about it. They talk about companies that have overcharged them, provided poor service or who have rude employees. In fact, research shows that people who have a problem are likely to tell eight to ten people about it. However, fewer than one in twenty people who have a complaint will formally complain to the company itself. Best-in-class companies welcome complaints because complaints are customer feedback which can be used to improve service performance/reduce cost, thus improving the bottom line. They make it easy for customers to

complain, even encourage complaints, and then they bend over backwards to set things right and make changes so that future customers do not experience similar problems.

In the past, too many Americans have found a deaf ear when trying to complain about a problem to a government agency. Consider one man's experience when he tried to get a problem solved: "I had written in February . . . and again in June . . . Now it is September. I still have not had a satisfactory response . . . what do I have to do to get someone to listen to me?"

This man--legitimately frustrated by his inability to get someone's ear--would be even angrier if he realized how much "handling" his complaint cost. One study estimates that a written response to a single complaint escalated to the Congressional level may cost the agency and the taxpayer over \$1,000 in staff time.

Fortunately, government agencies are beginning to change the way they look at and treat citizens who have problems. Spurred on by Vice President Gore's National Performance Review and its September 1993 report, *From Red Tape to Results: Creating a Government That Works Better and Costs Less*, government agencies are working hard to make the federal government work better and cost less. Already, the recommendations have resulted in more than \$60 billion in savings and elimination of some 200,000 government positions (noted in President Clinton's State of the Union Address, January 23, 1996).

Customer service is an important part of the reinventing government efforts. Directed by President Clinton, government agencies have conducted focus groups and surveys and set customer service standards to respond to customers' needs. Agencies are starting to eliminate unnecessary regulations, cut red tape and address other root causes of citizen complaints. And many agencies are taking steps to improve how they deal with complaints.

For example:

- The U.S. Postal Service has established a Consumer Affairs Tracking System that records and reports every customer contact. It uses state-of-the-art imaging and database management technology coupled with highly sophisticated correspondence generation software. This system is comparable to our best-in-business models. U.S. Postal Service also established a Call Management Initiative that will begin later this year to create a single 1-800 number available 24 hours a day. It will provide a centrally-managed consistent interface to all customers seeking information or problem resolution.
- The Department of Veterans Affairs medical centers have two formats for complaint and complimentary data collection. One is ongoing complaint tracking, the other is the annual survey. Patient Representatives throughout Veterans Health Administration have a tracking system for compliments and complaints. This system identifies trends that are occurring by specific problem, by a service, and or by an individual. The complaint codes are correlated with the National Customer Service Standards, which provide ongoing measurement. Alerts are sent to Service Chiefs identifying more serious problems. This allows the Service Chief prompt notification of the problem and provides expeditious resolution. The National Patient Feedback program is also correlated with the National Customer Service Standards. Annually, surveys are sent to outpatients and recently discharged inpatients. These surveys are used to identify trends that are occurring. Medical Centers are responsible for improving the areas where problems exist.
- In 1993, the Comptroller of the Currency established an ombudsman for banks that had problems with the Comptroller's rulings on banking regulations.

Citizens are starting to notice as well and are even writing letters, not to complain, but to compliment the people who work in government:

"I wish to thank you and your department for your expeditious and thorough consideration and solving of my problem. . . .Mr. . . . was able to provide me with the necessary information. In addition, when Mr. . . . received additional information that he thought might be useful, he forwarded it also. Mr. . . . follow up was a surprise and a good example of real interest in my problem. This kind of thoughtfulness and follow up is greatly appreciated."
Oakdale, Pennsylvania

"I'm still in shock at how fast FEMA responded to my need. I thought FEMA was just a lot of red tape, to make people feel they could get help."
Georgia

"Human nature, alas, often has us eagerly voice complaints but keep silent when praise is warranted . . . My hunch is I speak for a large number when passing along a deserved WELL DONE for the fantastic job you do--often with limited funds and staff."
Louisville, Kentucky

Part of the reason for the change is that government agencies are holding themselves to a higher standard. This study represents the efforts of ten government agencies and other interested parties to learn from the best in America's leading companies and find ways to improve their own complaint processes.

Why Tackle Customer Complaints?

Companies find that effectively handling customers with problems is critical to their reputations as well as their bottom lines. When customers complain and they are satisfied with the way their complaint is handled, they are more likely to purchase another product or service from the same company. Companies that resolve complaints on the first contact increase customer satisfaction and product loyalty, improve employee satisfaction, and reduce costs. Companies even encourage complaints. Most dissatisfied customers do not complain. By making it easy for customers to complain, more customers will come to you with their problems, giving you greater opportunity to correct your service delivery or production processes. Customers who get their problems satisfactorily and quickly solved tell their friends and neighbors, and they are not easily won over by the competition.

There is a bottom-line concern for government as well. As noted above, complaints can be costly. Repeated hand-offs increase costs and waste precious resources. When complaints are not promptly resolved, frustrated customers seek redress in different agencies or at different parts or levels of the same agency, resulting in duplicate effort and compounding costs.

Just as costs compound when there is a poor complaint system, trust also erodes as citizens become frustrated with a non-responsive bureaucracy. Indeed, there has been a cumulative erosion of public confidence in government. Thirty years ago, 70 percent of Americans trusted the federal government to do the right thing most of the time. In 1993, only 17 percent of Americans said that they trusted the government.(2) There are many factors contributing to this decline in trust and confidence, particularly the huge volume of regulations that did not make sense to the public and the high cost of government. However, we learned from our benchmarking partners that an effective approach to resolving complaints is invaluable in winning the trust and loyalty of our customers--the public.

There are costs associated with a poor complaint system and there are benefits associated with a good one. Studies have shown that handling customer complaints well can be a critical part of a turnaround strategy. If a complaint is handled well, it sustains and strengthens customer loyalty and the company's image as a leader. It also tells the customer that the company cares and can improve because of their contact. In government agencies, it promotes public confidence in government services.

Customer complaints also represent valuable information about recurrent problems. They can point the way to understanding the root causes of customer problems and help an organization target core processes that need improvement. If acted upon to improve core processes, customer complaints can be a source of information that can reduce costs as well as improve services.

What do the Best-in-Business do?

Federal employees initiated and led this consortium benchmarking study to learn from the best-in-business how to design and implement a world-class complaint and customer response handling system. That's what benchmarking is all about--systematically learning from the best-in-business and using that information to improve one's own performance.

We asked some of America's leading companies to help and they did. They had a lot to offer. The customer service revolution means that, today, most companies strive to exceed the expectations of their customers with problems. The study team got a surprise when it looked for best practices; some best-in-business practices were found in government organizations that have practices that rival the best in the private sector. The team is grateful to each of the businesses and agencies for sharing their experiences.

Each study team member reviewed how their agency currently handles customer complaints and identified key areas where they wanted to learn how the best-in-the business did it. They reviewed written literature, met with experts, and identified benchmarking partners. A team member from each participating agency led one site visit and shared the results with the others; this way the team could benefit from visits to ten companies and agencies at the lowest cost.

The team defined a customer complaint as any indication that the service or product does not meet the customer's expectations. This definition reflects the fact that some companies do not even use the term complaints, they call them problems or opportunities. The team found variation in what companies did, but the best companies used similar approaches to handling complaints. They are:

- Train and empower their front-line employees to resolve most complaints during the first contact.
- Make it easy for customers to complain through the extensive use of centralized customer help-lines, 1-800 numbers, complaint/comment cards at the point of service, and easy-to-use customer appeal processes.
- Enter complaint data in fully automated and integrated information systems, and analyze and use data to identify and fix root causes of dissatisfaction and to determine future directions for product and service improvements. By centrally collecting the data, at the headquarters level, this valuable information can be incorporated into the strategic planning process, assuring future competitiveness.
- Consider complaints as customer feedback and opportunities to improve, alongside other measures of customer satisfaction.

- Use various organizational arrangements, but have important similarities, such as seeking to maximize resolution at first point of contact and dedicating a cross functional team to collect and analyze data and report complaint information to top management.
- Credit their overall success, at least in part, to a pending organizational crisis, normally related to their survival or significant loss of revenue.

What's Next?

Agencies that participated in this complaint resolution study are using its results to make changes in their own complaint handling systems. Indeed, benchmarking that consists only of field trips to world class companies are known as "industrial tourism." For a benchmarking study to be worthwhile, an organization needs to understand the gap between its own performance and best practices and take actions to close that performance gap. Already:

- The Patent and Trademark Office is using the study's findings along with reengineering efforts to design a Patent Assistance Center and redesign an existing Trademark Assistance Center as one-stop sources for Patent and Trademark information.
- The U.S. Postal Service is using what it learned from this study as a guideline to reevaluate its complaint handling function for 1996. U.S. Postal Service is also responding to inquiries and complaints received over the Internet.
- The Department of Interior, in several of its Bureaus has developed and used surveys to get customer feedback. They are incorporating lessons learned from this study in their ongoing Customer Service initiatives, i.e. Customer Service Standards and Customer Satisfaction Measurements.
- The Customs Service conducted a gap analysis, designed recommendations, and prepared an action plan for FY 1996 which includes two goals: (1) training for their Air Passenger Service representatives, and (2) automating an input system to improve the tracking of complaints and compliments.
- The IRS team prepared a FY 1996 action plan to develop cost estimates of processing the Problem Resolution Program (PRP) and Application Taxpayer Assistance Orders (ATAO) cases and to develop a network of Problem Resolution Program coordinators to better address cross-functional issues that cause problems for taxpayers.
- The goal, of course, is for government to listen to its customers (1) routinely through surveys and (2) when products or services do not live up to expectations, through an effective complaint handling system. We know that we've only begun, but we're working hard. We expect a number of agencies will use this report to begin reengineering their complaint handling processes.

Other agencies can make use of this benchmarking study as well, by answering the questions about your organization included in How Does Your Organization Measure Up? See Reinventing Complaint Resolution, Appendix 1, for how to use this book to strengthen the complaint system in your organization.

3. Leadership Strategies for Satisfying Customers

"The philosophy indoctrinated by the leaders of the company is that every experience the customer has from the time of initial contact, during purchase, and throughout the life of the product, focuses on complete customer satisfaction. All employees have a part in customer relations and ensuring the best quality service and the best product. The emphasis is 'Customer First!'"

Benchmarking Study Partner

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.

The leaders demonstrate their commitment to customer concerns by investing corporate resources--money for tools like state-of-the-art computers and phone systems, and support, training and recognition for their employees. They see their job as making it easier for employees to respond to customers. They partner with organized labor to achieve results. They invest a lot of their own time in communication, talking to customers and employees and recognizing results. They have flattened their organization to cut the number of layers between the customer and the chief executive officer (CEO)--usually no more than three management levels separate the front-line workers from the CEO. Leaders of customer service departments are part of the management team.

In all of the best-in-business organizations, customer complaints are seen as opportunities to improve. How complaints are handled reflects the organizations' overall commitment to customer service. Indeed, customer service is a core value in these organizations, reflected in mission statements, plans, performance measures, budget and personnel decisions and decisions about contractor selection and retention. Leadership communicates their commitment to customers so effectively throughout the organization that the value is pervasive. Customer service does not depend on a single leader; it has been built into the way these organizations do business.

Know That Front-Line Complaint Resolution Saves Time and Money and Improves Customer and Worker Satisfaction

It's not rocket science to realize that solving problems when and where they occur is not only better and faster, it's cheaper. If a teleservice representative or a front desk clerk can solve the problem, it saves time and money. Written complaints are similar. If the person who first reads the letter can solve the problem, it costs less and results in a faster response and fewer follow-up letters and phone calls trying to find out what happened. Audits by Technical Assistance Research Programs, Inc. (TARP) at over a dozen financial service companies shows that poor service and poor customer communication increase the total workload by up to one-third!(3)

Smart CEOs recognize that it makes good business sense to empower front line employees to do what it takes to satisfy customers, by ensuring their front line has the authority, the training and the responsibility for customer recovery. Customer recovery takes a lot of

different forms. At one company, front-line employees can offer discount coupons that range in value from twenty to two hundred and fifty dollars. At one government agency, customer representatives can speed up lost refunds or waive penalties that have been inappropriately applied. Sometimes, a careful explanation of the reason for a decision or empathetic listening along with an apology is all that is needed.

Focus on Improving Quality not Dealing with Symptoms

If routine problems are effectively resolved on the front-line, leaders can focus on improving core processes that improve service quality and customer satisfaction. One team member likened the good complaint systems she saw in service organizations to a quality program in a manufacturing plant. "The sooner these companies find out about complaints, the faster the core processes can be improved. Good managers don't play 'gotcha' with employees. They understand that most complaints are due to procedures and policies that don't meet customers' expectations. Best-in-business companies use complaints to find the problems that had somehow been overlooked. They told us that when employees know that the leadership is focusing on doing a good job for the customer rather than on finding someone to blame, fear and resistance go out the window--the employees want to help find and fix the problems so that next time the job is done right the first time."

One of our benchmarking partners goes a step further to involve employees and integrate customer feedback. They try to capture customer satisfaction data from every customer contact. They do not believe that a separate complaint handling system captures the whole picture. Thirty percent of their entire workforce wears the title Customer Service Representative. These representatives record customer contacts on a sophisticated computer system that allows them to code the root cause of any problem or question. This information is fed to a staff that analyzes the data to look for patterns and trends and for ways to make improvements in systems, procedures and training. Senior management uses the feedback for planning and communication with employees.

Another company described the transformation of its own customer operations in three phases. In the first phase, customer complaints were seen as a necessary evil and some customers were considered to be "chronic complainers." In the second phase, the company provided "knee jerk" customer service to pacify complaining customers. Today, the company's response operation not only assures a response in individual cases but collects information and analyzes all customer complaints to understand what underlies them and to identify root causes. When they identify a pattern that is causing problems, they introduce broader changes to remove the cause.

Lessons Learned

- Satisfying the customer is leaderships' top priority.
- Leaders at world-class organizations view customer concerns and complaints as opportunities for improvement, not as problems.
- World-class leaders make sure it is easy for customers to complain and just as easy for employees to solve problems.
- Effective senior management uses customer feedback for planning and communication with employees.
- Well managed customer recovery improves the bottom line.

How Does Your Organization Measure up?

- What has your office done to make sure it listens to the voice of the customer?
- How do the leaders in your organization view complaints?

- How does your organization make it easy for customers to complain?
- What does your organization do to make it easy for employees to solve problems?

4. Information & Analysis

We've significantly decreased cycle time and increased consistent and accurate responses with a database of standard letters and core language. Employees can use standard letters to reply to many complaints or inquiries such as the price of a stamp or where a customer can buy a used mail truck.

U.S. Postal Service

Not every organization gets frequent requests for used mail trucks, but every organization benchmarked supports its front-line employees with the information and tools they need to respond to customer complaints and inquiries. Every organization sees the information provided by customers with problems as valuable and collects and analyzes information about customer complaints. One organization described the information as free market research. The organizations use a variety of approaches to capture and analyze the information and to use the information for both routine and strategic management decisions. Best practice organizations use the following techniques.

Support Front-Line Employees with Integrated On-Line Data Bases

Companies use integrated, on-line information systems designed to support the performance of the front-line employees who interact with customers and assist them in answering customer inquiries quickly and accurately. Characteristics of state-of-the-art desktop computer information systems include:

- User-friendly screens equipped with standardized formats to assist the customer service process; including for example, frequently asked questions with appropriate responses, standard response letters or actual scripts to reinforce training and prompt the employee.
- Unique customer identification and access to customer information so that the customer representative can give customized service.
- Simple on-line procedures manuals, often with help screens.
- Avoidance of complex codes and "user hostile" features in information systems.
- Employee participation in development and testing to make sure that systems are accurate and easy to use.
- Real-time information exchange and retrieval and tools (such as electronic mail and fax capacity) so that employees can complete transactions quickly.
- Links to fully integrated information databases, including documents submitted in paper form that have been imaged and archived electronically, press releases, new product developments, standard responses, information about hot topics and performance statistics.
- On-line technical support as a first-alarm response to ADP difficulties, to help the front-line employees.

Capture Information About Customer Problems and Questions

Front-line employees generally enter data to avoid duplication of effort, improve accuracy and avoid backups in obtaining information about customer problems. Data analysis is generally centralized with a dedicated team or department responsible for analyzing data as their primary duty. Analysis groups often identify the most common concerns, analyze hot topics and facilitate problem solving. For example, determining how to prevent customers from being dissatisfied or from needing to call for information--this 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 front-line 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 off-the-shelf 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. Informed management makes better decisions.

Effective analysis groups use integrated and non-duplicative databases. These data bases include complaints from all sources, e.g., telephone calls, surveys, focus groups, correspondence, complaint/concern cards available on site and/or personal visits. Database records include names, addresses, telephone numbers, individual employee assigned, actions taken, due dates, progress, disposition, and other descriptive information used to enhance all customer contacts.

Use Information to Fix Problems Fast

The first priority of the front-line employee is to satisfy the customer. At the same time, the employee enters the customer's concern into a database along with the action taken to satisfy the customer. In some organizations, the front-line employee also enters a description or codes the root cause of the customer's concern.

Information about customer interactions is then referred to analysis teams and to appropriate process improvement teams that are charged with solving problems. Simple changes are made quickly, often within 24 hours of a problem being identified. The automated tracking system follows the problem to resolution. The features of these systems include precise categories and types of concerns, automated hot topics, automated ad hoc reporting, and competitive information gathering. Front-line employees can propose changes also via the same electronic system.

Address Underlying Causes of Problems

More complex problems or ones with policy implications are prioritized by the analysis group based on customer impact and referred to the area of the organization that can fix the problems or to a team of employees that is charged with solving it. Some companies prioritize customers 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, future problems of the same nature are avoided, resulting in improved customer loyalty and organizational productivity. For example, critical analysis of data at one organization found that a large percentage of the 35,000 calls they received each month were simple billing questions. Now a voice response system can answer these questions, decreasing the number of calls they receive per month and giving customers faster access to the information they need.

There are regular activity reports on actions taken to fix problems. Information on actions taken and overall improvements are communicated to top management, staff employees and front-line employees through briefings, newsletters, bulletin boards, direct interaction, complimentary letters, and, especially, an interlocking team structure. Information is communicated to customers through corporate media publications, telephone calls and

letters. As problems may relate to either lost productivity or lost revenue, the responsible departments budget may be charged for activities (root causes) for which they have been made aware of and that have not been corrected. There is thus a financial incentive for corrective action.

Track Contractor and Supplier Performance

Organizations that rely on contractors for customer interactions measure how well they perform. They track the performance of contractors and suppliers products and services against customer satisfaction factors. An analysis is made to determine if corrective action is needed by these outside sources in order to prevent future complaints. Some companies are using shorter contracts and expecting greater accountability for performance. Some are moving to performance contracts that specify expected performance levels with the parent organization conducting surveys of customer satisfaction and monitoring other measures of contractor performance.

Lessons Learned

- Observe trends. When corrective actions have been taken, determine whether the volume of complaints is decreasing to assess if products and/or services have improved.
- Technology utilization is important in complaint handling systems. A standardized, automated systems approach captures and analyzes root cause data.
- Bring in technology to support change; don't change to support the technology that you bring.
- Data must be translated into information and presented to everyone including management in a useable format so that the organization can better align services and products to meet customer expectations.

How Does Your Organization Measure Up?

- How does your organization support front line employees so that they can serve customers with complaints?
- How does your organization track and analyze complaints?
- How does your organization use information about complaints to fix easy problems fast?
- How does your organization use information about complaints to identify and address underlying problems?

5. Planning

The benchmarked organizations would not be where they are today if they operated the same way they did five years ago--or even last year. And they do not expect to be operating the same way next year--and certainly not five years from now. Information generated from complaints is an important component of customer feedback that drives business decisions and strategic planning in these companies. They integrate information and use it effectively to serve customers. They implement new lines of business because their customers ask for it. The age and needs of their customers are changing so they are making changes to respond to new customer's needs. The best-in-business organizations all do the following.

Use Customer Feedback for Decisions About how Resources are Used

Finding the best way to acquire new customers and maintain long term customer loyalty is the reason for the planning process. 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 their planning. Using this information, these organizations make decisions about the use of people, technology and other resources to meet customer needs. Officers and departments responsible for customer service are part of the planning team. Senior management uses customer feedback to identify opportunities for improvement and to align the organization's services and/or products to meet customer expectations.

Communicate Their 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 from the board room to the mail room. Managers need to "walk the talk." Every employee needs to know how their work contributes to the organization's goals and performance plans. For example, one Baldrige-Award winning company has a single objective, "customer satisfaction through total quality." The policy requires that every employee understand the customer-related requirements in their job and meet those requirements. Company policy emphasizes listening to customers before designing new products or services, through production and beyond the sale, to ensure customer satisfaction. This theme is communicated throughout the company and is clear to every employee. The corporate culture applies all of its creativity and intellect to delighting the customer.

Have Dynamic Planning Processes

Best-in-business organizations look to the future and recognize that the way they do business has to change to keep the competitive edge. They project information about customers, as well as other aspects of the business environment, to develop future scenarios and determine what changes are needed in products, services and other aspects of their business. One company has projected changes in membership into the next century and is already making changes in how they respond to younger customers. Constant assessment of customer feedback, as part of the planning process, leads to new product lines and services, notably the 24-hour telephone service that is now common. One government organization uses customer data from the appeals process to identify trends and problems and reassess their strategic and business plans, leading to changes in policy, guidelines and procedures.

Lessons Learned

- Your mission statement and vision reflect your values. Your environment should support your philosophy.
- You can't over-communicate.

Keep the customers' perspective in your planning processes.

- How Does Your Organization Measure Up?
- How is customer service incorporated in your organization's vision, plans and actions?
- How well are resource decisions aligned with customer needs?
- How dynamic is your planning processes?
- How do you get complaint information to the CEO or top management?

6. Human Resource Development & Management

Resolving complaints on a regular basis can be extremely stressful. Successful organizations know that and treat their customer service representatives with respect and dignity. They select people carefully for the job, train them and foster a supportive working environment. Front-line employees count in these companies. The best-in-business organizations do the following.

Recruit and Hire the Best for Customer Service

The customer service and complaint resolution specialist positions established by the benchmarking partners tend to be highly sought-after positions; sometimes there are over one hundred applicants for each open position. Complaint handling employees are considered complaint handling professionals or customer service professionals. Companies who 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. One benchmarking partner did not have a separate customer service position, but rather trained their technical experts to handle complaints as part of their job. Another company hires from outside, but has a highly selective screening process, and a competitive marketplace starting salary.

The most important factor in hiring was selection of individuals who fit in with the customer service culture and have a demonstrated skill and interest in working with the public. Organizations used a variety of selection techniques, including temporary assignments to determine the suitability of an employee for resolving customer complaints; initial telephone interviews for call center employees, extensive staff and peer interviews--up to 14 interviews in one company. Companies look for a variety of character traits, skills, and experience for customer service jobs:

- Problem solving ability.
- Skill in handling tense, stressful, and multi-task situations.
- Strong sense of responsibility.
- Good communication skills and voice clarity.
- Business writing skills.
- Knowledge of relevant processes.
- "People skills" with customers and co-workers.
- Compassionate, customer-oriented attitude.
- Strong desire to help customers.
- Computer skills or aptitude.
- College degrees are desirable and sometimes required.
- Typing and other diagnostic tests may also be required.

Promote and Pay People who Satisfy Customers

Some organizations build the customer service position into a career ladder for promotional advancement in the company. At one company, the customer relations position is an 18-month to two-year assignment, with the employees advancing to higher levels within the company. In other organizations, progression is built into the position via skill based pay systems. That is, new skills and improved performance results in increased pay and responsibility. Another company develops the representative's expertise within certain areas of complaints, and the individual handles all the complaints in that specific area. The turnover rate for these positions tends to be in the single digits. Individuals generally leave because they are excelling in their careers, which is a cause for celebration. Agencies need to review and revise their policies and procedures that limit rewarding results, legislative changes are not needed.

See Training as a Critical Investment, Not an Expense

Best-in-Business leaders consider training an investment, not an expense. They use complaint trends/data to identify training needs. One organization increased training from 17 to 71 hours per person per year. Another, with 70 hours of training per employee, devotes three percent of its personnel budget to training. One company gives approximately 100 hours in training to all employees. Most world-class organizations fund college courses. One organization we visited provides space for evening classes held by local colleges and universities. Typically, new employee training consists of classroom instruction and on-the-job training, working with someone more experienced. 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.

On going training classes for different categories of skills is crucial. To enhance individual interpersonal relationships, training offerings cover active listening, behavioral interviewing, communicating across cultures, correction (assertive ways to give and accept criticism to and from peers), and building relationships. To develop group relationships, courses cover facilitation, negotiation, leading teams, and coaching. Personal growth skills benefit from offerings such as effective writing, software training, personal presentations, and *The Seven Habits of Highly Successful People*.⁽⁴⁾ Other categories deal directly with the business operations. One category teaches process management skills, e.g., process mapping (especially in the employee's processes), developmental processes, problem solving, quality improvements, and gap analysis. Another area covers measurement skills, such as operation effectiveness, surveying, and measuring. Lastly, organizations educate their employees on the mission statement, and how their jobs relate to it.

Create a Performance Culture

The organizations we visited have a performance-focused culture. Organizational vision, values, goals and objectives reach all the way down to the front line. 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 on-line 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. Everyone is part of the team.

At one organization, there is no hierarchy, no job titles, and everyone works on the front-line on a schedule determined by the team. They have state-of-the-art equipment. The information technology staff that developed the software spend time on the telephone with customers so they 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. Morale has soared; turnover dropped from 106 percent to five percent and more work is being done with 76 employees than was previously done by 126 in the headquarters and at distant locations. The goal of the operation is to delight the customer in world-class fashion and the customer service professionals on the front-line 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 via newsletters and town meetings so the same mistakes do not recur.

Recognize and Reward Success

World-class organizations recognize their employees' individual and team accomplishments frequently and in a large variety of ways, monetary and non-monetary. These organizations use employee appreciation events, celebrations, representative/team of the quarter/year awards, bonuses, and merchandise. At one organization, non-salaried employees participate in profit-sharing based on merit, with their share of the profit determined by their team's performance against company goals.

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. At one organization, peers are responsible for monitoring calls and are trained to give constructive criticism. At another organization, individuals rate themselves by listening to their own audio taped calls. A comprehensive 360 degree performance system includes the supervisor, customer and peer input into the evaluation. Feedback is continuous throughout the year rather than one-time, and is both oral and written. Performance measures tie back to the company's mission, goals, and customer satisfaction. One company rewards its employees for results by fixing something, not for suggestions.

Involve Front-Line Employees in Solving Problems

In these companies, managers value feedback from front-line employees, to the point of using the feedback in making decisions. Front-line employees are held accountable, but are given authority to go with accountability. 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 front-line 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 take care and pride in positively motivating employees. They recognize the importance of the job of front line employees by listening to and acting on the employees' ideas, rewarding their efforts, highlighting the position in the company's career ladder, and offering training for growth. Front-line workers' personal well-being is also important, and management provides benefits such as child care centers and fitness facilities. These organizations adhere to the policy that employee satisfaction is as important as customer satisfaction to the success of their business.

Lessons Learned

- Use complaint analysis/trends to identify human resource priorities.
- Hire for the future and hire the best
- Build the customer service position into the organizations career ladder.
- Invest in training to develop the technical skills of front-line workers.
- Invest in training to develop the "people" skills of front-line workers needed for an effective complaint handling system.

How Does How Does Your Organization Measure Up?

- How does your organization recruit front-line employees who handle complaints?
- How does your organization train front-line employees?
- How does your organization measure and recognize the performance of workers who handle customer problems?

7. Managing Customer Expectations to Improve Satisfaction

Customer Focus, Expectations & Loyalty

"When you buy a tank from the Red River Army Depot, there's a 1-800 number in the "glove compartment" so you know who to call if you have a problem with the vehicle. At Red River, customer calls come into the 24-hour production control center. At the center, the officer on duty coordinates customer response by initiating, tracking, and evaluating the quality of support provided by the organization. If you have serious trouble with your tank, a customer service team can be mobilized to fly out to fix the problem."

While troubles with a tank are not a typical customer problem, organizations like Red River, a winner of the 1995 President's Quality Improvement Prototype Award, go out of their way to make it easy for customers to complain. They organize to respond rapidly when their customers have a problem. These organizations understand what their customers need and expect. The best-in-business organizations practice the following.

Encourage Customer Complaints

One public agency found that three quarters of its customers had no idea who to talk to if they had a problem. Many customers think it's simply not worth the hassle to complain. They are skeptical that the organization will do anything or they may even fear retribution.

Best-in-business organizations actively encourage customer complaints. Some companies even refer to what they do to encourage complaints as "marketing" their complaint system. Companies make consumer service cards available at the place of business. Many solicit feedback wherever they post or publish customer service standards, on all correspondence, on bills, and in the telephone directory. Some offer discount coupons to encourage customer feedback. Many publish information on how they can be contacted in more than one language. They publish 1-800 and other numbers for the company where consumers are most likely to see them, e.g., on the product packaging. Companies also market their complaint handling systems during conferences and meetings, in annual reports, newspapers, association circulars, videos, audio tapes, letters, press releases, speeches, training sessions and via electronic mail.

Seek to Delight Their Customers

The benchmarking partners often use the phrase "delight the customer" and go out of their way to exceed expectations. Often this means a compassionate ear. An insurance company has a special team that deals with the needs of grieving spouses. Companies give front-line employees the authority to award customers who have complaints with products, coupons, or even cash when it is necessary to resolve a complaint. Even public sector employees are able to give certain products and services to customers with complaints. For example, the U.S. Postal Service can give up to \$20 in stamps when it is appropriate. One service company sets no limits on the front-line employees' authority but tracks company norms for what it takes to resolve particular types of problems. Team leaders look at and discuss variances from these norms. Additionally, employees share ideas for ways to resolve complaints creatively within or below company norms.

Understand Customer Expectations

These organizations demonstrate a commitment to understanding the customer's perspective. Most of the benchmarking partners send surveys to customers who have complained recently to see how satisfied they were with how the complaint was handled. Some call the customers to determine satisfaction. One organization surveys every fourth customer with a complaint. Another described complaints as "free information" about their customers needs and expectations.

These organizations supplement surveys of people who complain with routine and often extensive data collection tools in order to understand their customers. Customers are surveyed to determine their level of satisfaction with existing services. Surveys are sent with questions, often in a Likert Scale format where the customer can select the degree of satisfaction on a scale, e.g., from one to five.

These surveys assess customer satisfaction with existing services, delivery of services, helpfulness of employees, and overall performance of the organization. Some companies add a few short questions to the end of customer calls or correspondence. Companies also survey their front-line employees for their attitudes as well as for their ideas for improved service, asking their employees to take the customer's perspective. After the nearby community complained about noise levels, the Red River Army Depot changed the times they detonated ammunition and put "listeners" (members of the community) at check-points throughout the surrounding area to monitor noise levels.

The partners focus on clear customer target groups. One company that serves a wide variety of customers decided to focus on its high-volume business customers. Three months after a high-volume business customer has complained, the company follows up to find out whether they are still using their services and, if not, the reasons for dissatisfaction. In addition, the company routinely solicits feedback before, during, and after service. It conducts focus groups and has established a Customer Advisory Council to drive decisions related to this key target group.

Manage Customer Expectations

These organizations do not wait for complaints to come in the door. They try to anticipate the needs and problems of customers and to set realistic expectations through customer education and communication strategies. Research shows that 40 percent of complaints come from customers having inadequate information about a product or a service.(5) Using customer feedback to understand customer expectations and needs, organizations educate their customers and/or the public on what they can expect from their products and services

and what obligations and responsibilities their customers have. For example, one enforcement/ regulatory partner has extensive education on the requirements and reasons for utilizing their services.

Know How to Say No

Both companies and government agencies, especially regulatory agencies, need to draw limits. When it is not possible to give the customer what they would like, it is still possible for a customer to feel that he or she has been heard and has been treated fairly. A number of techniques convey concern--calling customers and telling them the company understands; giving the customer the best explanation they can; and being open and honest with customers concerning laws and policies of the organization. Being professional and considerate of customers enhances their view of the organization--even when the customer may be disappointed with the outcome. A recent taxpayer letter to the Internal Revenue Service shows that the techniques cited above really work:

"For the first time in a long time, a communication from IRS is clear, concise, informative and user friendly. . . The attached--while I'd preferred not to have made the mistake--points out exactly what happened and what needed to be done."

In a small percentage of cases, it will be necessary to close a complaint when it is felt that the company or agency has done everything that can be done. Recognizing that it is not always possible to satisfy a customer, having procedures and trained staff to handle these cases, is part of an effective complaint handling system.

Keep the Human Touch

One company found that it made a major mistake when it introduced enhanced information technology. Employees lost eye contact with their customers. Keep the human touch--don't let automation get between the front-line employee and the customer. Eye-to-eye contact may be lost with computers.

Lessons Learned

- Customer education is key to managing customer expectations.
- Know how to say no.
- Exceeding customer expectations for customers who have problems improves loyalty.
- Make it easy to complain.
- Understand what customers want.
- Maintain a one-on-one relationship with customers

How Does Your Organization Measure Up?

- How do you delight customers who have problems?
- What access do customers have to your organization so that it is easy for them to complain?
- How do you make sure that you understand what your customers want?
- How do you manage the expectations of your customers?
- How do you train and prepare the people who work for your organization to say "no"?
- What do you do to make sure that information technology doesn't stand between your front-line employees and customers who have a problem?

8. Complaint Process Management

World-class service providers, which is what Americans expect their government to be, have a carefully developed complaint handling process. That process is customer-focused, is 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. The best-in-business organizations do the following.

Really Know Their Processes

Each and every one of this study's benchmarking partners had a process map for their complaint handling processes. They told us that the map was key to understanding what was going on and was invaluable in perceiving the gaps between the goal of delighting the customer and what was currently taking 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 one public sector organization, managers analyze verbatim comments from complaints when they set performance goals for customer representatives. Another, with a client feedback program, surveys and analyzes survey information from recent clients, forwards all comments anonymously to the client representative at each facility. These concerns are included as part of each facility's client representative program performance.

Research by this benchmarking team indicated that 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 front-line staff and managers. All of the offices that we visited knew how well they were meeting this goal.

There are different processes for meeting the goal depending on how the customer contacts the organization. For example, customers contact service providers by telephone, letter, in person or via the Internet. The goals, resources, personnel, and results varied, but universally the best in business knew their processes thoroughly and they made it easy to complain. They provide one-stop resolution and if hand-offs 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. The U.S. Postal Service has more than 1,700 active Customer Advisory Councils that advise on the public's needs for both delivery and problem resolution. The U.S. Postal Service used focus groups of both customers and employees from various areas of the country and feedback from customer satisfaction surveys to develop their complaint resolution process. As a result of using extensive customer and employee input,

the U.S. Postal Service found that they were able to improve the quality of responses and reduce cycle time and costs.

The best-in-business design their complaint process with input from both customers and employees. They develop a culture that supports teamwork with the customer as part of the team. They design the process with top management commitment, performance measurements and a direct link to core processes. At one of our benchmarking partners, the customer relations personnel monitor customer feedback. They select a small number of items the customers complained about most often as target issues. Once these issues are identified, individual customer satisfaction committees are formed that link those issues with mission objectives. The complaint process is monitored to correct root causes of dissatisfaction. and the results for these target customer satisfaction issues are reported to the Executive Committee

Use Technology to Support and Improve the Complaint Process

The benchmarked companies and agencies had built a technologically advanced infrastructure to answer complaints and other customer inquiries. They use 1-800 numbers, sophisticated telecommunication systems, Automated Call Distributors (ACDs), caller ID, imaging systems and office automation for state of the art on-line customer support systems. For example, one company has an automated system that allows service representatives to capture information about each member contact and make it accessible to everyone in the organization.

Practice Continuous Process Improvement

In business as in the Olympics, the bar is constantly being raised. Whether it be foreign competition, technological innovation, or more effective management and teamwork, each of us must produce more and better results with fewer and fewer resources. 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.

All of our benchmarking partners focused their attention on process improvement and they were good at it. Customers were kept involved; employees were recruited and trained with long range improvement in mind. Top management was kept informed along with the front-line. Best practices were developed by benchmarking and were carefully implemented and recorded. Performance measures were constantly monitored to identify gaps that could lead to opportunities to make things better. Employees were empowered to suggest and make process changes that help customers. Improvements were recognized. The complaint process was viewed as a loop with the customer at the beginning and at the end and with the core operating processes in the middle. Constant feedback from both customers and employees and constant reevaluation based on satisfaction measurement assure constant improvement. These incremental improvements lead to service excellence which is a winning strategy that can make government work better and cost less. Everyone wins!

Lessons Learned

- Both customers and employees must understand the complaint process.
- If the goals for response time are too stringent the quality of the resolutions will be negatively affected.
- Future directions: Customers ability to answer their own questions will increase with more information being published on e-mail and telephone systems that facilitate automated account information.

- Continuous improvement is key to beating the competition.

How Does Your Organization Measure up?

- How does your organization design its complaint handling processes?
- How do you involve the customer in the recovery process?
- How does your organization create a culture that builds continuous improvement into all processes?
- Does your organization invest in the infrastructure needed to make your complaint handling process effective both in customer recovery and minimizing costs?
- How does your organization use complaint information to make operational improvements?

9. Business Results

"If you don't measure results, you can't tell success from failure."

David Osborne and Ted Gaebler

Success for commercial companies is long term profitability, generated by maximizing customer satisfaction and loyalty. While the primary goal of government is to provide services to citizens, over the long term success is also generated by maximizing customer/citizen satisfaction and loyalty and earning the public trust. In both arenas we must know what our customers expect, we must know how well we are meeting those expectations, we must know what problems our customers encounter, we must know how much these problems cost us to respond to and how much they impact customer satisfaction. Finally we must change our processes to eliminate those problems. The best-in-business organizations reduce their costs and increase their profits by using the following.

Key Performance Measures

The benchmarking partners use a variety of measures to assess the performance of their complaint handling systems. These measures are part of a balanced scorecard--a set of organizational performance measures which includes such bottom line measures as return on investment and sales, and compliance rates for regulatory agencies, measures of overall customer satisfaction, financial and other measures.

Performance measures are dynamic. They change as goals are met, improvements are made, priority customer segments are identified, and more predictive measures are developed. Companies with more mature measurement and complaint handling systems described changes over time in the measures that they used. In the past, individual employee performance was measured and individual awards were given. Today performance is more often measured for groups or teams and individuals receive team awards. Many companies and agencies began measuring customer satisfaction several years ago. They measure customer satisfaction not only with their products and services, but also with their complaint resolution process.

Our partners had accomplished significant changes in key measures. For example one highly technical organization decreased the average number of days it takes to resolve a complaint from 55 to 19 days. A second organization reduced the time required to resolve cases from 27 to 6 days, well below their standard of 15 days.

Timeliness and Efficiency

The best-in-business organizations measure timeliness with a strong focus on first-call resolution or on-line resolution and they average an 85 percent resolution on the first contact for all calls received. Timeliness standards vary by complexity and by industry but were specific--e.g. resolution within 14 days, response within five business days. At one company, the customer is asked to set the deadline for an answer to the problem. The deadline is entered in the system and becomes part of the company's commitment to the customer. The customer is notified if the deadline cannot be met. A tracking system monitors the status of open cases. Preventive measures are more difficult, although some organizations quantified "calls avoided" and other complaint-prevention strategies. Examples of measures and some high-end norms include:

- First call/contact resolution: 85% average for all calls/contacts received.
- Backlog: 0%
- Cycle time - based on customer expectation
- Call avoidance - through customer education

Customer Satisfaction

Benchmarking partners 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 levels of satisfaction with how a complaint was handled are often tracked using survey responses from customers who have made complaints. A variety of other qualitative characteristics are measured, such as whether the parties understood the decision and whether they felt that they had 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 speed of answer: e.g. , 10 seconds or less
- Abandoned call rate: 2-3%
- Busy rate: less than 1%
- Service level (total calls less busy signals and abandoned calls): 98%
- First call resolution (one agent/no transfers)
- Queue waiting time: less than 60 seconds
- On hold waiting time less than 15 seconds
- Team leaders typically monitor 5-10 calls per month for each front-line employee.
- Note: For further information see NPR's Benchmarking report titled, Best Practices in Telephone Service.

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

All the benchmarking partners track work load through measures such as numbers of calls, complaints or letters. However, they are cautious about how these numbers, especially numbers of complaints, are interpreted. Is it good or bad that the number of complaints goes

up in a given time period? Does it reflect more effective marketing of the complaint system? The introduction of a new product? A problem with educational material? Repeat calls from people trying to get a response?

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. Best-in-business organizations track employee satisfaction through the use of employee satisfaction surveys and/or through predictive indicators, such as:

Employee satisfaction survey results

Attrition rates of employees

Training hours in customer service per employee

When service is good and the organization's culture encourages teamwork, both customers and employees are happy.

Lessons Learned

- Best-in-business companies listen to the voice of the customer and the voice of the employee.
- What you measure is what you get.
- Customers who have minor problems that are promptly and effectively handled are more loyal than customers who never have a problem.

How Does Your Organization Measure up?

- How does your organization measure customer satisfaction for your overall service?
- How do you measure your workload?
- How does your organization listen to the voice of the employee, who directly serves the customer?

10. Checklist for Implementing Best Practices

Serving the American Public: Best Practices in Resolving Customer Complaints documents some of the best practices in handling complaints. This check list is a guide to implementing the best practices documented in the study to achieve quantum performance leaps in resolving complaints at other federal agencies. Actions for:

- Get executive buy-in. In order to achieve any real success, senior management must support the team. This should be done early. Include visual material when appropriate.
- Put together an implementation team. This team should include a representative from each step in the complaint handling process: front-line workers, information systems support, union representatives, management, quality improvement, etc.
- Map your current processes--both for complaints and the core processes they relate to. If you're not sure what your complaint system looks like, the team's first activity

should be to identify each step in the process of complaint handling, from initial contact to final resolution.

- Conduct a gap analysis. The team should compare its own operations to the best practices listed in the report to understand where there are key differences between the team's organization and world-class performance. The difference between the team's services and the best-in-class processes is known as the gap. A starting point for a gap analysis is the list of questions about your organization.
- 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. Some teams will tackle a large number of recommendations in the complaint handling report. Others may get better results by focusing on those recommendations that are linked to their core business practices or can provide the largest improvements. [???The team may ask for input from major organizational components (i.e. budget, systems, training, human resources) to identify issues that could affect the implementation of certain recommendations.]
- Brief the stakeholders. Senior executives and, where relevant, upper-level union management, should be briefed on the proposed recommendations. Feedback from these sessions should be used to develop final 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.

11. Complaint Management System Checklist

Evaluate your complaint management system

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 and the importance of your complaint-management system?
- Does top management directly oversee your complaint-handling procedures?
- Do incentives exist to reinforce staff commitment to consumer satisfaction?
- Is your complaint system easily accessible to consumers?
- Do you publicize your complaint system to consumers? If yes, how? Printed media (posters, advertising, monthly statements)? Communications by sales personnel?
- Is your complaint system organized so that:
 - front-line 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 adequate 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 and make necessary improvements?
- Do you utilize your system of complaint management for more than settling individual complaints? For example, do you use it for quality control and problem prevention?
- 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 top management periodic reports of data from complaint records with suggestions for action to prevent recurring problems?
- Can you identify areas in the company in which your complaint-management system is having an effect? Has it been positive or negative?
- Do you coordinate your complaint-management system with others in the distribution chain for your products or services? Do you have a direct line of communication with them?
- Do you have an adequate understanding of how these external organizations are affecting your relationship with consumers?
- Do you work cooperatively with local and governmental consumer agencies?
- Do you use third-party dispute-resolution mechanisms for those problems not resolved in-house (i.e. mediation or arbitration)?