



## Unit 4

### Complaint Handling

#### Introduction

Retail organisations often experience customer grievances and complaints. The size and volume of operations coupled with the variety of customers generally leads to the generation of grievances at some point or another, during day to day operations. The roots of any grievance and/or complaint can be either an operational issue or human interaction. The non-availability of the desired products, insufficient choices, absence of some product lines, shop layout, visual merchandising, poor performance, delayed performance, no performance or part performance and so on, may all be reasons for the grievances. Besides the procedural and human related dissatisfactions, there may be failures in support services also.

The human factor is the key element for generation of grievances. The contact person's performance in providing service is a source of satisfaction if it is positive, and dissatisfaction if it is negative. No matter how good the retail organisation is in designing the service offer, one loose link in the team of employees can cause problems. On the whole, nobody notices when things go right - they expect it to be so. However, those who work in customer service or customer care are only too aware that complaints occur, and in some organisations problems are sent from other departments that need to be resolved. In fact, dedicated customer service or customer care departments are often set up to deal with these issues.

Problems could be to do with late deliveries, repairs not being done properly, customers being upset about complicated claims procedures, subcontractors not turning up on time, waiting times for a medical procedure, promised correspondence not being sent and so on. The purpose of this unit is to acknowledge that when a complaint or problem has occurred, the next step is to create a positive roadmap for the reduction of these negative occurrences, and to enhance the quality of service you offer the customer as a result of taking appropriate action. Considerable new business can be won from an initial complaint being handled in an effective way. Some complaints by customers are pretty straightforward: 'I didn't receive all the registration documents you sent. Please send the missing pages.' 'Your helpdesk person came to fix my PC but it is still not working properly.' Resolution: the missing documentation is resent and the helpdesk person is sent out again to fix the problem. In these examples, it only becomes an issue (a problem area that needs to be improved) if the occurrence is repeatedly identified and sourced back to the same employee, who may then need monitoring or additional coaching and training.

There may also be other complaints and problem areas, or simply activities that need to be improved, where further analysis and attention are required. We will look at this area in more detail in the second part of this chapter. As a manager, it is not necessarily your job to handle customer complaints on an everyday basis. It is more likely that part of your task is to:

- establish and maintain an efficient complaints-handling system (or improve an existing system)
- set complaint-response standards
- monitor performance against those standards
- periodically analyse and prepare reports on complaints for senior management
- manage, train and motivate (and recruit) the response team
- commission (or recommend) periodic customer opinion and needs surveys
- establish strong and continuing relationships with key customers and suppliers
- liaise with relevant internal departments
- manage the function overall and reflect your company's service policy in the outputs for which you are responsible
- participate in cross-functional task groups for problem resolution.

## Performance Response Standards

Let's start by looking at your role as a performance manager. Whatever the technology and administrative processes in your company, there are two overarching important factors that will determine the actual effectiveness of the complaint-handling system you use in your department:

1. When a customer contacts your company for a complaint, the complaint-handling system reflects the company's culture and its customer service values. A customer's experience of these will influence their perception of your company and future buying pattern.
2. Once a customer has passed through this gateway - via a complaint letter, e-mail, fax, phone call or in person - they will expect empathetic action: a response that is attentive, sympathetic and quick. The majority of customers believe that right is *always* on their side (irrespective of actual legal or moral correctness), and therefore expect to be treated as if the company or supplier is in the wrong. However unwarranted, the very least a complainant will demand is empathy. In other words, they want understanding that they are unhappy with the situation, and a genuine and immediate apology from the person responding to the call. This does not mean an acceptance of guilt by any member of your team. They are there to understand the customer's frustration and anger, but no more. With this, the customer will have the chance to calm down and be far more open to a negotiated resolution that is equitable to both parties.

### **The complaint-handling system reflects the company's culture and its customer service values.**

An apology is a measure of the response standards by which customers will judge an entire company during a complaint situation.

Other widely-established response standards include:

- Responding to an incoming call within three to five rings.
- Answering an incoming letter, e-mail or fax within 24 hours. The first response can be a 'holding' letter: i.e. an acknowledgement of the customer's correspondence plus a promise to write again within a specified time.

- Continuous updating communication (by phone, e-mail or letter) if the problem proves more difficult to resolve than first anticipated, e.g. a replacement item is currently out of stock.
- Openness and continuity: that is, whoever first responds to a customer's complaint gives their full name, if your company policy permits, (plus direct-line phone number or extension or other precise access details). If first-call resolution is not possible, make sure the agent or customer care advisor knows when to escalate a call or mark it for further investigation.
- Most customers dislike talking to an unknown person and, in the heat of the moment, can forget to ask for a name. They get annoyed having to repeat their story each time they contact the company because someone different responds. Similarly, most customers are suspicious of companies that hide behind an illegible signature purporting to be that of a Customer Services Manager. They quite rightly ask, 'As they have my name and details, why can't I have the name of a real person I can talk to in their organisation?'
- Simplicity: no one wants to achieve a resolution that is more complex than the original problem. This means that documentation (purchase terms and conditions, guarantee or warranty explanations, claim forms) must be written in plain, simple English for readers.
- Fairness: generally, most customers want nothing more than fair consideration of a complaint, and perhaps fair compensation. Few complainants feel any need to claim excessively (and most of these will negotiate a smaller recompense if they are treated in a professional and courteous manner).

You can gain a lot of information from complaints, and it is important to assess and analyse these issues to see how the occurrences can be reduced or completely avoided.

## Reasons for Customer Grievances

Robert Warlow, who runs the Small Business Success website, has identified six reasons for customer grievance due to employee interactions. Below is an excerpt from his site.

1. **Bad Attitude:** There's no getting away from it - some people have a bad day every day! The way they speak to people is enough to turn the most mild-mannered of customers against your company. They act as if the customer has interfered to their daily routine. These types of people are the ones who never acknowledge your presence when you are standing in front of them, or still chat away on the phone. Such employees are undesirable at customer contact positions. Retailers should identify such employees and get them away from customers.
2. **Not Willing To Seek a Solution:** These people are the ones who may acknowledge a customer's Problem, but just won't be bothered to find a solution; it's too much hassle. The stock answer is, "I can't help. It's company policy." Their favourite words are "I can't", "Yes, but", "won't", "shouldn't". They can find nothing positive to help the customer. If this happens, your customers walk away thinking you are a 'can't do' instead of a 'can do' business.
3. **Not Giving Full Product Explanations:** Your product may be the best in the world, but if it doesn't do what the customer wants then you have one unhappy purchaser. Also, there may be a lack of understanding by the salesperson of how the product or service meets the customer's

Requirements, or the sales staff may be too desperate for a sale - persuading the buyer that the product is just right when it clearly doesn't fit what the client needs.

4. **Not Willing To Admit a Mistake:** Sometimes, getting a business to admit it has made a mistake is like pulling teeth. If you're in the wrong, get your staff to own up and say, "Yes, we were wrong."
5. **Not keeping you Up To Date:** In any effective complaint handling process, everything can be done according to the book, but it can all be thrown away if the client is not kept up to date. A complaint, followed by days of silence, allows doubt and anger to intensify again. Get 'strong' characters to front your complaints - people who are not intimidated and are happy to solve problems.
6. **Broken Promises:** This is probably the most frequent reason for human cause of complaints. 'Yes, I'll do that for you. Leave it to me.'" What happens? Nothing! The impression given is that your staff just don't care, or that the customer is not important. Impress upon your staff the importance of following through on their promises. Any broken promise will usually prompt a complaint.

In a readers'survey conducted by Business Week magazine regarding their experiences with customer service, it was found that the major reasons for customer grievance were slow response times, uniformed customer service representatives and unfriendly customer service representatives. (Business Week, May 24,2002).

### Type of Complainers

Based on the behaviour of the complainers, they can be classified into five types (Wysocki, Kepner and Glasser).

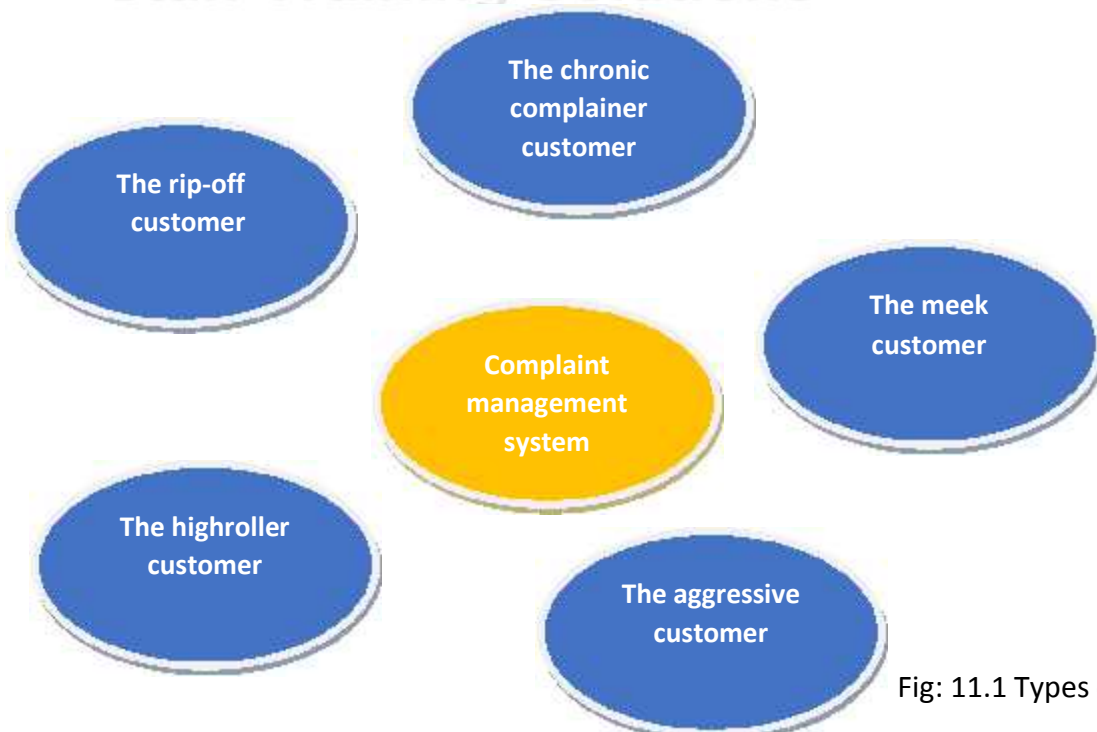


Fig: 11.1 Types of complainers

**The Meek Customer:** These customers generally will not complain. Retailing companies must work hard at obtaining comments as well as complaints from these types of customers.

**The Aggressive Customer:** This type of customer behaves in an opposite way to that of a meek customer. This customer readily complains seriously and at length. These customers need to be handled carefully. The contact person/s should not lose their temper when dealing with the aggressive customer. They should listen to the complainer patiently, agree that the problem exists and communicate their proposal to resolve the problem - also a timeframe for the resolution.

**The High-Roller Customer:** This type of customer expects the absolute best and is willing to pay for it. He/she may complain in a reasonable manner. It is necessary to listen to these customers respectfully and actively, and question carefully to find out the cause of the problem. Generally, high roller customers are not interested in excuses.

**The Rip-Off Customer:** The goal is not to get the complaint settled satisfactorily, but rather to win by getting something they are not entitled to receive. A constant and repetitive "not good enough" response from this customer is a sure indicator of a rip-off artist.

**The Chronic Complainer Customer:** This customer is never satisfied. There is always something wrong. This customer's mission is to complain and moan. Yet, he/she is your customer, and as frustrating as this customer can be, he/she cannot be dismissed.

## Complaint Management

The goal of a business is to achieve customer satisfaction and retention. Effective complaint management is one of the most important areas in ensuring customer satisfaction. The complaints of the customers have to be looked at in a constructive, positive and professional manner. Mohamed Zairi, an academic and expert in the field of Total Quality Management, suggested the desirable perspectives of understanding customer complaints. Customer complaints:

- are ways of receiving feedback from customers and necessary means for putting into action improvement plans
- are a tool for preventing complacency and harnessing internal competencies for optimizing products and services
- are a useful way of measuring performance and allocating resources to deal with the deficient areas of the business
- are a useful "mirror" for gauging internal performance against the competition and best in class organisations
- are a useful exercise for getting nearer to the customers and understanding them better.

Complaint management is the formal process of recording and resolving customer complaints. It is an integral part of every business. It is necessary not only from customer service point of view, but also a

regulatory point of view. In all the countries, there are regulatory bodies that have established specific requirements for capturing, investigating, resolving and reporting customer complaints. The best-practice retail organisation considers complaints a opportunities for improvement and achieving excellence in service quality. Companies can obtain priceless knowledge through complaints, because complaints contain the direct voice of the customer. Companies should understand the link between complaint resolution and customer loyalty. Studies have established that efficiency in resolving a complaint leads to stronger customer loyalty.

Most organisations face big challenges with complaint management. Organisations generally suffer from a lack of any systematic approach to complaints handling. They may:

- not recognise the importance of customer complaints at a strategic level
- be ill-equipped in terms of systems and processes for logging complaints, processing them, etc.
- not be proficient with measurement – particularly in non-financial areas such as customer satisfaction and complaints
- have adverse cultures and too much of a "blame and reprimand" approach
- not have embraced the concept of quality management and its related concepts
- have many other problems in a retailing organisation as far as handling customer complaints is concerned.

## The Complaint Management Process

There are five stages in the customer complaint management process.

- ➔ Complaint registration
- ➔ Classification of customer complaints
- ➔ Analysis and reporting of trends
- ➔ Management action
- ➔ Continuous improvement of complaint process



the system, including whether or not they view the process as accessible, easy to use, and fair. This will identify areas for improvement and areas which are working well. Since research indicates that complaints handled professionally and in a timely manner result in customers continuing to do business with a company, it is essential that customers who complain are satisfied with the complaint management process. This will not only help retain business, but will also reduce the damage that negative "word-of-mouth" has with existing or potential customers.

## Guidelines For Handling Complaints

Christopher Lovelock and Jochen Wirtz, authors of *Services Marketing: People, Technology, Strategy*, formulated the following guidelines for handling customer complaints effectively:

- **Act Quickly** If the complaint is made during service delivery, time is of the essence in achieving a full resolution. Even when full resolution is likely to take longer, fast acknowledgement remains very important.
- **Admit Mistakes, but don't be Defensive** Acting defensively may suggest that the organisation has something to hide or is reluctant to fully explore the situation.
- **Show that you understand the problem from each customer's point of view** Seeing situations through the customer's eyes is the only way to understand what they think has gone wrong and why they are upset. Service personnel should avoid jumping to conclusions with their own interpretations.
- **Don't argue with customers** The goal should be to gather facts to reach a mutually acceptable solution - not to win a debate or prove that the customer is wrong. Arguing gets in the way of listening and seldom diffuses anger.
- **Acknowledge the customer's feelings** Do this either tacitly or explicitly (for example, "I can understand why you're upset.") This action helps to build rapport - the first step in rebuilding a damaged/strained relationship.
- **Give customers the benefit of the doubt** Not all customers are truthful, and not all complaints are justified. Nevertheless, customers should always be treated as though they have a valid complaint, until clear evidence to the contrary emerges. If a lot of money is at stake (as in insurance claims or potential lawsuits), careful investigation is warranted. If the amount involved is small, it may not be worth haggling over a refund or other compensation. However, it's still a good idea to check available records to see whether there is a past history of dubious complaints by the same customer.
- **Clarify the steps needed to solve the problem** When instant solutions aren't possible, telling customers how the organisation plans to proceed shows that corrective action is being taken. It also sets expectations about the time involved, so firms should be careful not to over-promise.
- **Keep customers informed of progress** Nobody likes being left in the dark. Uncertainty breeds anxiety and stress. People tend to be more accepting of disruptions if they know what's going on and receive periodic progress reports.

- **Consider compensation** When customers do not receive the service outcomes they have paid for or have suffered serious inconvenience and/or loss of time and money, either a monetary payment or an offer of equivalent service in kind is appropriate. This type of recovery strategy may also reduce the risk of legal action on the part of an angry customer. Service guarantees often lay out in advance what such compensation will be, and the firm should ensure that all guarantees are met.
- **Persevere to regain customer goodwill** When customers have been disappointed, one of the biggest challenges is to restore their confidence and preserve the relationship for the future. Perseverance may be required to defuse customers' anger and to convince them that actions are being taken to avoid a recurrence of the problem. Truly exceptional recovery efforts can be highly-effective in building loyalty and referrals.

The above steps would help you in converting angry customers in to loyal ones.

## Complaints Analysis Reports

These periodic reports serve a self-defining purpose: an analysis of complaints received during a preceding trading period (a week, a month, a quarter). Most analyses will list and comment on such complaint factors as:

- Total number
- Number per product
- Number by type
- Complainants' genders, ages, locations and socio-economic or demographic details
- If appropriate, the resolution of each complaint; and if not, why not
- Complaints still awaiting resolution at the time of the report
- Response performance against standards
- Costs of complaint resolutions.

Apart from complaints, where else can you identify problem areas or room for improvement?

A pessimist sees difficulties in every opportunity; an optimist sees the opportunity in every difficulty.  
(Winston Churchill)

## Resolving Problems and Quality-Improvement Activities

Customer's problems need to be solved efficiently to make them happy. To solve these problems, management needs to look deep into the nature of the problems. They should also look at the problem from a customer's point-of-view. Finding solutions involves thoughtful planning and sensitive implementation and, above all, consultation with the and involvement of the people affected by the problem. What many managers miss is that when they go about solving problems, they don't get to the

root cause;



they only treat symptoms. To reach a successful outcome, it is vital to get to the underlying reason of why the problems have occurred. How should you take things forward? As depicted in Figure 6.1 below, there are four stages that you need to go through during any problem-solving or quality-improvement activity.

### Complaints, Problem Solving and Quality Improvement

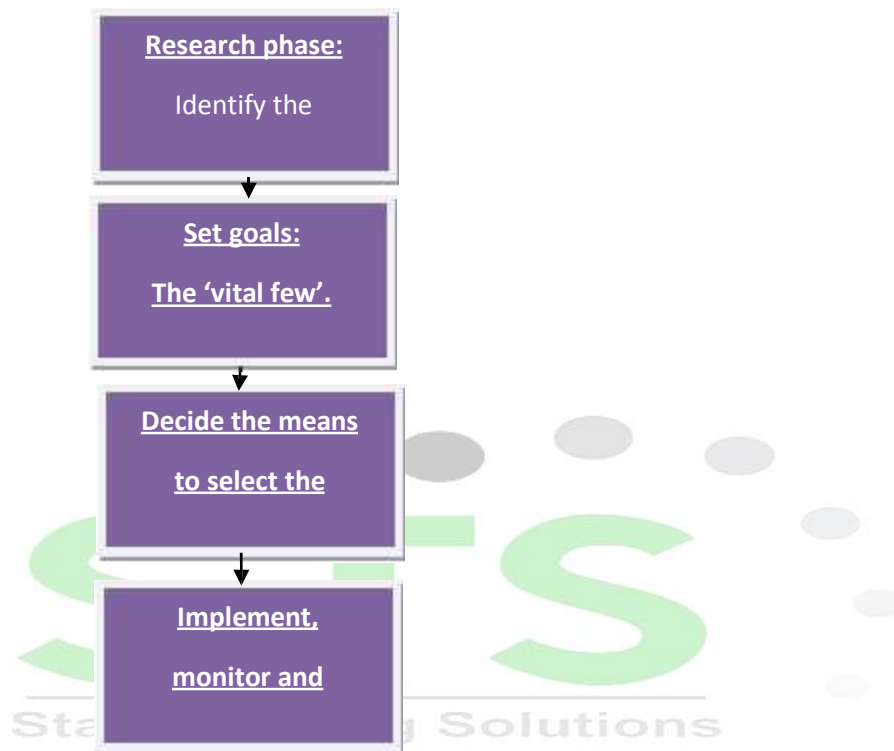


Fig 11.3: Problem-solving flow chart

- ➔ Stage 1. Research phase: identify the problem.
- ➔ Stage 2. Set goals: the 'vital few.'
- ➔ Stage 3. Decide the means to select the preferred solution.
- ➔ Stage 4. Implement, monitor and review.

Below, each of these stages will be examined in more detail.

#### Research phase: Identify the Problem

This first phase of activity involves researching all your existing sources of information to identify potential problems to be resolved. We have already mentioned complaints as a good starting point for identifying what needs to be improved. Other sources where you can gather information include:

- customer needs assessments
- customer surveys or market research reports

- product user groups
- meetings with customers
- using the six satisfaction elements model.

We looked at customer surveys and research in Unit 1. As a reminder, the satisfaction elements are:

- the product or service
- sales
- after-sales
- location
- time
- culture.

**Set Goals: the ‘Vital Few’**

Once you have identified the problem areas to work on and improvements you wish to make, you must identify the ‘vital few’ goals to take the company forward. The concept of the vital few is based on the 80/20 principle - also known as the Pareto principle after Italian economist, Vilfredo Pareto. He established that eighty per cent of a nation’s wealth is invariably owned by twenty per cent of its population. Transferring this to the business world, you will probably find that most of your issues will come from a small number of causes. You may also see that most of your complaints come from a small number of customers, not the majority, and that twenty per cent of your effort produces eighty per cent of the results. Having identified specific problems and the quality improvements required, you must set goals before you take action. The purpose of goals is to keep you on-track, motivated and focused on the actions you need to take. As shown in Table 10.3, these goals need to be concrete (what and by when), and also have SMART goals – or, sometimes SMARTER goals. But what is meant by this?

**Table 11.3** SMART(ER) goals

Term	Explanation
Specific	Giving a clear description of what needs to be resolved.
Measurable	In terms of quality, quantity and cost.
Achievable	Includes gaining the agreement of your manager and your team.
Relevant	Specifying the business need to be satisfied.
Time-bound	In terms of completion date and monitoring.
Ethical	Alternative term: Exciting.
Reviewed	Alternative term: Rewarded.

## Decide the Means To Select The Preferred Solution

### Solution

So you have clarified what the problem is or the quality improvement to be made. Now you need to consider which approach you want to adopt to define or analyse the situation to take things forward, by using practical problem-solving techniques.

### Practical Problem-Solving Techniques

Get your team together and start by coming up with a range of ideas and approaches to move things forward, selecting from the following techniques:

#### Brainstorming

Have someone list all the ideas from the group as quickly as possible, without any evaluation of the ideas. Gather as many ideas as you can as quickly as you can. This list can then be shortened and a final solution developed from the best examples.

#### Brain Writing

Each person records an idea or solution to the problem on a piece of paper and adds it to a pile. Everyone then takes a different paper from the pile and adds an idea related to the one already on that page. They write down the first thing that comes to mind. These ideas can then be compiled and discussed to develop a final solution. This is often successful in a quieter or more reserved group, when it is difficult to get everyone talking.

#### Democracy

Having undertaken brainstorming or brain writing, provide each person with the same number of dot stickers, pennies or tokens. Vote individually on the list of brainstormed alternatives. If someone feels strongly about one item, they are welcome to put all their dots on that item. The idea with the greatest number of dots is the decision preference.

#### Nominal Group Technique

Each person shares their ideas. Someone lists all the different ideas. Everyone then ranks their preferences individually from the whole list, scoring them from 1 to 10. These scores are added together and a group score is given. This produces priorities on a group basis. Note that if the number 1 is used to rate an individual's best choice, then the list item with the *lowest* group score is the most popular.

#### Criteria Matrix

Develop a set of standards on which each alternative is judged. Some examples are:



- ➔ risks involved
- ➔ timeliness
- ➔ convenience or satisfaction.

Afterwards, all these ideas along with the above-mentioned factors can be discussed and the most efficient idea can be chosen. The ideas can also be judged on the basis on the above-mentioned factors, to give them a score from 1-10. Again, the idea with the highest score can be implemented.

### **Bubble-up/Bubble-Down**

This is used for ranking statements or ideas, or putting ideas in an orderly sequence. The procedure is to look at two scenarios & decide which one is better-suited to your plan. Then, you carry forward this idea & compare it with the next idea. Continue this way & the end product will be the best-suited idea, as at every stage the better idea is carried forward for further comparison. For example: When you are buying a house, it is much easier to compare the house you're viewing with the last house you viewed. After evaluating how this one rates, you eliminate one of the two. The preference between the two is the only house used in future comparisons.

### **Lateral Thinking,**

getting both yourself and your team to 'think out of the box' is important. Lateral thinking is a way of solving problems by seemingly illogical methods. It involves an element of provocation to break our minds out of the usual pattern. The management guru Dr Edward de Bono defines lateral thinking in an illustrative form as: you cannot dig a hole in a different place by digging the same hole deeper. This is like politicians saying there is no point doing the same thing over and over and expecting a different result. Trying harder at the same things or putting more effort into doing them may not be as useful as changing direction. De Bono suggests dividing a problem into parts so that one part does not create a monopoly of attention. The objective in using this approach is to shift your thinking from a negative to a positive stance; from thinking and emotional reactions to facts. You can read more about this in Six Thinking Hats by Edward de Bono (Little Brown and Company, 1985).

This is a simplified take on de Bono's approach:

- Step 1.** Gather all your facts and figures together, making sure you have all the information you require.
- Step 2.** Have a clear idea of what you want to have happen in a defined time-frame (this could be a week, a month or any number of years). In other words, you need to have a strategy, forecast the future and predict what it is going to look like.
- Step 3.** Consider all the information you have on-hand with caution, and question what might be wrong with it. For example, is the brief completely clear or are there ambiguities?
- Step 4.** Think in a positive way – look for the good in the situation. The 'glass half full' approach rather than 'glass half empty.'

**Step 5.** Use ‘emotional intelligence.’ What do you individually and jointly feel about this? Does it excite you, or make you feel uncomfortable?

**Step 6.** Build on your original ideas. Be creative. What will add value?

**Step 7.** Pull everything together and develop a plan with a timeline. Organise the details: who will do what by when, and how will things be monitored? During lateral-thinking sessions, teams often get bogged-down at the data-and-information stage and keep asking themselves ‘What information is missing?’ Or they focus on Step 3, the cautionary stage, ‘It will never work,’ ‘Senior management won’t accept our recommendations,’ etc. They forget to direct their thinking as to how they can approach things differently, be creative or use their intuition and simply follow a hunch. Using the method above facilitates the free flowing of information. Creativity does not come from special types of people. Creative thinking can apply to everyone. Different methodologies help by getting people to look at situations in different ways and push through creative dry spots. So much of this comes down to time. We are all task-driven, often with tight deadlines to achieve. You need to allocate time for broader thinking and getting together on a regular basis to review quality and discuss how to reduce complaints, in order to stop them escalating into major problems that need to be resolved.

## Implement, Monitor and Review

So, you have put in place what you plan to do with regard to a problem resolution or quality improvement. It’s important to have everyone commit to the final plans before any action is put into motion. Monitor the results of your decisions and the impact on others regularly. You may need to make minor changes as you go. What are some practical questions to ask during the monitoring and review stage? Always ask your questions positively. Never threaten or blame if mistakes are made, or the project is will not stay on track. What’s done is done. You need those in your team who have made the error to determine for the future how to make sure it does not happen again. Ultimately, if you are a manager, you have a responsibility to ensure mistakes do not recur and that problems are solved quickly and decisively. How can this be done? By constantly asking questions to find solutions and capture learning. A five-minute chat can make all the difference.

- What’s going well or what did you set out to achieve?
- What actually happened?
- Why did that happen?
- What should we do differently next time?
- What action should we take?

You should also consider the need to monitor your environment. It is important to know if there is any risk that could destroy or delay your plans. Ongoing communication with all those involved (the stakeholders) is vital, along with the leaders of any projects you are depending on.

There are, needless to say, risks involved that can prevent your problem-solving project from succeeding. These could be shifting priorities, inadequate resources (people, money, time) lack of senior-management sponsorship, staff turnover, key players unable or unwilling to participate, other projects not getting completed on time, economic change, etc. Of course, the list will be different in each instance, and the probability that any particular risk will occur varies as well. The key is to identify risks and assess each one for probability of occurrence and potential impact on the plan, should they occur.

You need to develop contingency arrangements immediately for anything that has both a high probability of occurring and a high impact on your projects if it does occur. You may also want to develop contingency plans for low-probability/high-impact issues. Low-impact issues, especially if the probability is low, are typically not worth significant contingency planning.

### Key Questions

1. Do you have robust response standards for complaints, which leave the customer thinking 'This is a good organisation to be dealing with'?
2. You are not a one-person show. Do you use a variety of methodologies to stimulate ideas from your team?
3. During problem-solving and quality-improvement activities:
  - Do you and your team select the 'vital few' and use SMART goals to achieve your objectives?
  - Do you use a structured approach to move forward?
  - Do you assess what might happen if things don't go to plan? Have you got a contingency plan in place?
  - Do you monitor and review once the initial problem-solving or quality-improvement activity has occurred?

### Further Reading:

- ✓ *Federal Complaint-Handling, Ombudsman, and Advocacy Offices, (2009), By Wendy R. Ginsburg*
- ✓ *Handling Complaints Pocketbook, (2nd Edition 2015), By Angelena Boden*
- ✓ *Complaints and Litigation: Report, Together with Formal Minutes, Volume 1, (2010, 2012), By Great Britain: Parliament: House of Commons: Health Committee*