

How to Handle Customer Complaints Properly to Build Business

by Dr. Dennis Rosen

No business likes to get complaints. However, we have to accept the fact that complaints will happen. Customers may complain about our products, service, or may simply be confused about an issue.

Is the customer always right? No. But the customer is still the customer and deserves our best efforts to make him or her happy. While a few customers may be chronic complainers or trying to take advantage of the system, the vast majority are simply looking for a solution to some problem they have encountered with our business.

Handle Complaints Quickly

How important is it to properly handle complaints quickly? One statistic often quoted is that 70% of customers will return if their complaint is ultimately handled satisfactorily, but 95% will return if the complaint is resolved quickly. While this is, of course, a simplification, it stands to reason that a customer whose complaint we handled quickly should be much more impressed with our business, more likely to believe that we are concerned with customer satisfaction and, thus, more likely to return. And what is that customer worth to us over a period of time? The lifetime value of that customer to our business can be substantial.

Since speed of response is important, we must first empower your employees to handle complaints. If our front-end employees have to call a manager for a complaint to be handled, we have just increased the time cost to the complaining customer. We have also increased the emotional cost to the customer by suggesting that the problem must be handled at a higher level. And we have increased the possibility that the complaint will not be handled on the spot (i.e., the customer may not be willing to wait to talk to the manager). This also puts our employees in a difficult position since they must take the brunt of complaints from customers while being powerless to do anything about these complaints themselves.

Training Is Essential

Thus empowering our employees to handle complaints, following certain guidelines, can greatly improve the situation. However, empowerment is not enough. Employees must first be properly trained. There is a natural human tendency when faced with a complaint to become defensive, to offer explanations rather than solutions and to focus on immediate cost savings rather than the long-term or lifetime value of the customer to the business. Here are a set of steps that your employees can follow when handling complaints to help satisfy and keep your customers:

- Don't take it personally - the complaining customer is not angry with you.
- Don't argue with the customer, become defensive or try to explain the situation. Listen to him or her.
- Make sure your first statement in response is something that addresses the problem or shows empathy such as: "I'm sorry that you had this problem." "I can see why you would be upset." "Let's see how we can fix this situation."

- Don't admit wrongdoing (unless it is obviously your mistake). This can be particularly important if there are potential legal issues involved, e.g., a slip and fall.
- Get the facts. Understand the issues involved.
- Find out what the customer wants (if it is not obvious).
- Offer a solution. Tell the customer what you will do and when. Place emphasis on what you *can* do rather than what you can't do.
- If the complaint does not require immediate action, record the complaint on a slip of paper in the presence of the customer, thank the customer and note that action will be taken.
- Consider giving the customer more than is requested. Remember his/her investment of time and emotion. Consider the lifetime value of the customer to the business.
- Record name, address and phone number of the customer for possible follow up on satisfaction and to identify chronic complainers.
- Record the problem and solution (including time, place, etc.) so others can learn and evaluate.
- Follow up with the customer, as appropriate.

Correct Repetitive Problems

While complaint handling is an opportunity to build the relationship, *repeated* recovery for the *same* mistake is not. In such situations, customers will soon come to realize that the error is not random but rather is built into the system, and they won't come back. Getting feedback from customers can help uncover such systematic problems, and diagramming the service process can help uncover why they happen. The above steps also assume the complaining customer, while possibly upset, remains civil. Abusive customers do not need to be tolerated and should be referred to a manager.

Proper complaint handling is essential. It takes planning, training and trust in our employees, but the rewards are well worth our efforts.

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