Don't fear complaints

By NANCY STAIRS/
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Addressing customer demands
takes a lot of time and effort.
Regardless of whether prob-
lems are real or perceived,
customer concerns and prob-
lems must be dealt with. But, complaints
can be turned to a company's advantage
too.

"Complaints will help you grow your
business. If you look at complaints as gifts
to your business, you will improve your
business," said Dr. Richard
Gerson, president of Gerson
Goodson, Inc., a marketing
management and training
consulting firm in Clearwater,
FL, at a free seminar at the
Outdoor Power Equipment
Expo in Louisville, KY, this
past July.

In fact, Gerson recom-
manded asking for customer
feedback. "Get the com-
plaints from the customers.
It's the cheapest, the best
source of information. If you
don't want to call it 'complaints' call it
'feedback'. Say to them, 'what do I have to
do to improve service to you?'

"Even if it's just when you go out to do
the job for that week, you ask them, 'how
am I doing?'"

Effectively addressing complaints and
problems is essential. "If you have employ-
ees, do they have the power to do what's
right for the customer when it's also right
for the company?" Gerson asks. "Or do
they have to stop whatever they're doing
to call you up and ask you for permission?

"Think about how the customer feels
when they have to wait for your employee
to call you and get an answer from you. Cu-
somers do not like to wait. When they want
something, they want it now. Yesterday,"

Gerson also emphasized that if you
own the company, you are responsible for
service and for the outcomes to clients.
you cannot blame employees, "even if the
employee has promised something; the
customer doesn't care."

While Gerson does not believe that the
customer is always right, he does say that
customer satisfaction is whatever the cus-
tomer says it is. Customer criteria usually
include speed, accuracy, timeliness, friend-
liness and responsiveness.

"The needs, wants and ex-
pectations of the customer
must be met and exceeded
for customer satisfaction," he
said.

The key to your success is
not getting new customers,
it's keeping your old cus-
tomers and doing more busi-
ness with them. That is going
to make you successful.

"Every satisfied customer
you've got is worth four or
five referrals to you, if you do
it right."

The value of retaining customers is
something every small business owner
should know, recommended Gerson.
"How many of you know what it costs you
to get a new customer? You need to start
figuring that out, especially if you're a
small business owner. It cuts into your
profit margin, drastically.

"If you know the lifetime value of your
customer and you can keep your cus-
tomers because you provide great service,
you can actually spend more to get them
the first time."

The challenge, claims Gerson, is to re-
tain those satisfied customers, "...because a
customer is satisfied, it doesn't mean that
they're going to stay with you. It doesn't
guarantee retention."

For this reason Gerson believes that
customer satisfaction, a popular measure-
ment, is not what a small business owner
needs to know for customer retention.
"Repurchase loyalty" may be a better
measurement as it leads to the lowest costs
and the highest profits.

"If you can keep just 5 percent more of
your customers with you over time, your
profits, not your revenue, can increase 25
to 75 percent," he said.

In order to move those customers from
satisfaction to loyalty:

- give great customer service
- measure service outcomes
- measure customer satisfaction
- measure repurchase activity
- develop advocates and recom-
menders (people thrilled with you)
- reward loyalty and commitment (ask
  them what they want and give it to them)

Loyalty is what you want from your cus-
tomers and addressing customer complaints
is one step towards that goal. The thing
about loyalty, Gerson states, "is that loyalty
means zero defection, not zero defects."