

Don't fear complaints

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Addressing customer demands takes a lot of time and effort. Regardless of whether problems are real or perceived, customer concerns and problems 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 recommended asking for customer feedback. "Get the complaints 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 employees, 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. Customers 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 customer says it is. Customer criteria usually include speed, accuracy, timeliness, friendliness and responsiveness.

"The needs, wants and expectations 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 customers and doing more business 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 customers 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 measurement, is not what a small business owner

Reasons for soliciting complaints

- ▶ complaints provide instant feedback for performance improvement
- ▶ complaints give you a chance to show customers what you really can do
- ▶ complaint resolution creates a deeper relationship with your customer
- ▶ customers whose complaints are resolved spend more with your business

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 recommenders (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 customers 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." □



Gerson: be sure to keep the old customers.