



Case Study

SUBJECT:

INCREASING SALES BY SERVICE

EXAMPLE:

TECHNICAL ASSISTANCE RESEARCH PROGRAMS CUSTOMER SERVICE IS A PROFIT CENTER

SUMMARY:

TARP's formula for success:

Doing the job right the first time
+ Effective contact management
= Maximum customer satisfaction and loyalty

Use Customer Survey data and Customer Contact to identify areas for improvement in your organization. Apply some simple measurements to determine the impact to future product or service revenue based on your customer contact and resolution. Complaints = Loyal Customer Opportunity and the chance to double future sales, or double future negative perception.

Every person who contacts a customer is in sales. It is either an opportunity to sell an additional accessory or service, or it is an opportunity to reinforce loyalty for future purchase opportunities. Measure your customer satisfaction in dollars.

Customer Service is a Profit Center - TARP

“Customer Service Departments fail to justify their existence on the basis of contributing to profits,” says John Goodman, President of Technical Assistance Research Programs (TARP). “Experience in customer service management can be positioned as part of the fast track to top management, because it is possible to quantify the contributions that the department can make to profits.”

TARP primarily provides service in three areas:

1. Create measurements to quantify customer satisfaction to the bottom line of the organization
2. Establish high visibility customer service and response systems for customer escalations and customer resolution
3. Identify opportunities for improvement based on customer surveys and customer complaints

The secret to changing your Customer Service from a Cost Center into a Profit Center is that Customer Service is already a Profit Center. If the perception in your organization is that Customer Service is purely a Cost Center, then it is time to change that perception.

Guidelines for Creating Customer Surveys:

- Identify your company. You will receive a higher response rate if the customer can associate the survey with your product or service
- Keep it short. You will receive a higher response rate if your number of questions is more than three, but less than ten, and could fit on a postcard
- Keep it simple. Options, check boxes, multiple choice or ‘yes/no’ questions make it easy to respond and easy to calculate measurable results
- Ask for Comments. Your last question should always allow for customer feedback. The measurable results will give you trends, but the comments will help you identify specifically which areas need correction, what the expectation is and how to improve. Comments are essential for preparing to communicate back to customer complaints.

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What to do with Customer Surveys

- Customer Surveys should build customer loyalty. Surveys can include a positive message or reinforcement about your products or services. Include personal information that identifies awareness of the customer product purchase or recent service experience. This conveys appreciation for the customer loyalty and your concern if service was required.
- Respond to customer complaints. Customers who communicate are the most loyal. However, you are betraying that loyalty if you do not invest in the time to respond to complaints. Usually a response may be all that is required, but people who make personal contact with customers must be empowered with a scope of actions and responses if necessary.
- Use Customer Survey metrics to guide your business. Follow trends to identify areas for improvement, and to measure the impact of changes in your policy, procedures and communications.

“Simply generating reports that say ‘Here are the 17,000 complaints we received this month’ is going to put everyone in upper management to sleep. On the other hand, if you say, ‘Failure to act on this particular problem will cost you \$100,000 a month,’ you will get the managers attention,” says Goodman.

Goodman recommends that the people closest to the data in customer service should accumulate and analyze data, then report to management with conclusions and recommendations. Present the financial and business impact first. “Fragmented presentation requires your boss to perform his or her own integration of conclusions in the reports, and it obstructs the ability to take action,” says Goodman.

How do you Measure Up?

Typical Customer Fallout

- Companies lose 20% of all customers who complain.
- 50% of customers do not bother to complain
- 45% complain only to the front line representative
- Less than 5% of customers reach management level to complain

“Therefore, for every problem reported to corporate headquarters, you can assume there are at least 19 other similar incidents that simply were not reported or that were handled by the front line without being reported,” says Goodman.

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The following are some reasons that customers do not complain. Is this the way that you want customers to perceive your company?

- Your customer believes that your product or service is not worth their time and trouble
- Your customer believes that the company does not care or will not listen
- Your customer fears argument and does not want to be further frustrated

The following statements are also true; and probably will not surprise you.

- Customers that take time to express opinions and complaints typically purchase twice as many products or services as those who do not.
- Customers who receive quick and decisive response typically remain loyal
- Customers that have had a complaint and an effort is made to respond or acknowledge, even if it does not meet all of the customer expectations, are more loyal than customers that did not complain at all
- Customers who have a concern but do not complain are least loyal
- Customers that have minor issues resolved typically tell five people about the experience. Customers with unresolved minor issues tell ten people
- Customers that have significant issues resolved typically tell eight people. Customers with unresolved significant issues tell sixteen people

Customer Surveys and Customer Complaints generate revenue

Who is responsible for sales in your organizations? Everyone is responsible for sales, you are either selling products or services, or you are selling the company brand image and reputation with your actions. Every customer contact is an opportunity to increase sales of accessories, peripherals, services, or to make a positive reinforcement that encourages continued loyalty.

“One company found that when customers called to check the status of their orders, the customer service representatives could sell additional products to approximately 20 percent of them,” reports Goodman.

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Most Common Causes for Customer Complaints

- Employee-based: Typically 20 -30% of issues arise from employee failure to adhere to company policy or procedure, or individual employee issue
- Company-based: It is typical for 35 – 40% of issues arise from product failure, compromised services or failure to meet expectations
- Customer-based: It is typical for 35-40% of issues arise from customer error, misuse, failure to follow instructions, customer avoidance of payment of fees, unreasonable expectations or misinterpretations

Strategies for Employees involved in Customer Satisfaction

1. Listen to your employees – Employees are closest to your customers and can provide valuable insight to changes in the marketplace and competition. Front Line employees typically know exactly what your customers think about your company, what the customers expect and how to make them happy. Front Line employees are the eyes and ears of the organization.
2. Develop Reasonable Policy and Procedure – If you can't reasonably justify a policy or procedure with meaningful and ethical examples from everyday life, then odds are that your front line representatives will not be able to justify it either.
3. Empower your employees - Develop and modify policy and procedure in a manner that empowers the employees and removes obstacles for resolving customer complaints. This reduces stress and frustration for the employees, and creates a more positive environment for helping customers.
 - Hire responsible people
 - Train them to succeed
 - Treat them like professionals



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