

Non-Traditional Approaches To Measuring The Customer Experience That Instigate Action

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The world is tired of the annual “Do you love us?” survey as well as the transaction survey. At the same time, CCMC’s National Rage Study (ragestudy@customercaremc.com), showed that more than 20 percent of consumers failed to complain, even once, about their most serious problem over the last year. For less serious product and service issues only 3-30 percent of customers complain anywhere (depending on the issue and product). What are some innovative ways of getting actionable customer feedback?

There are eight factors that lead to an impactful Voice of the Customer (VOC) process that effectively describes the end-to-end customer experience (CE). These include:

1. A single coordinator of all sources of VOC input on the CE who also assigns issues to individual executives to create accountability
2. A unified plan to collect all the data using categories that fit together
3. Integration of the data sources to create a single picture of the CE
4. Granular information that highlight specific problems, not general categories of issues
5. Quantification of the revenue and word of mouth implications of each issue to create an economic imperative for action
6. Recommendations are provided for action and a single executive is designated to lead the effort as well as expected change in process metrics
7. Tracking of issues highlighted by the VOC to ascertain if the issues has been successfully addressed
8. Linking of executive action on assigned VOC issues to tangible incentives and performance review

Three of the most interesting non-traditional areas lie in factors 2, 5 and 6.

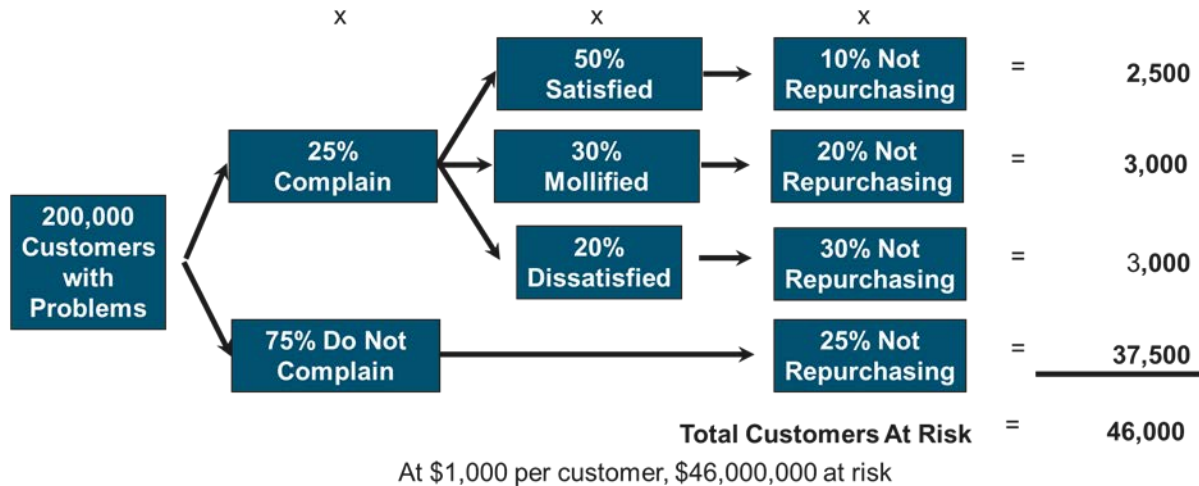
Draw on non-traditional sources of VOC data. Most companies define the VOC as surveys and complaints. Almost always, there are other, often more timely, sources of information such as operational data that describe the CE. Two examples will illustrate.

First, a delivery company has operational data that indicates that a container of packages missed their connection so that 200 packages will not be delivered on time tomorrow morning. This failure will result in 70 complaint calls and 20 negative surveys. The operational data is not only more timely (in advance of problem occurrence) but more accurate in that it shows how many customers were actually inconvenienced.

Second, an insurance company knows that market forces have created a need to increase rates in the Chicago area. The biggest single point of pain for insurance consumers is a surprise premium increase. The company can identify everyone who will be getting a surprise increase and arrange to send a letter in advance, warning of the impending increase and providing a clear, believable explanation as to what it happened.

Quantify the revenue and word of mouth impact of the problem rather than just the cost savings. In most organizations, the revenue implications are 10-20 times the cost implications so if you select project based on cost savings you're missing the most important projects.

An example is illustrated below. If 200,000 customers have problems and 50,000 complain, even at \$10 per contact, the service cost might be \$500,000. If the customers do not complain and a percentage of them are lost, the revenue loss is \$46 million and, at a 20% gross margin, profit loss is \$11,500,000. This shows that the profit implications of problems are 23 times the cost implications.



Three strategies: Prevention, Solicitation of Complaints and Improved Response

This chart is simple enough that CFOs will embrace it and it also suggests three actions the Quality Function can pursue: preventing problems, getting more customers to complain so their loyalty can be recouped and making sure that service systems are responsive to customer issues. A minimum completely satisfied level should be at least 85 percent.

Use this model to calculate how much revenue and profit are being lost for each month that no action is taken. If you quantify the cost of inaction, you precipitate action.

Suggest a single executive to lead the effort even if the issue is cross-functional along with process metrics that will indicate if the process has actually been improved.

Most CE issues are cross functional leading to paralysis. If a group of execs are assigned to address it there is no final accountability for action. However, if you, as head of VOC/quality, suggest or designate a lead function, there is now accountability and things have a much higher probability of getting fixed. Further, if you suggest a possible course of action, you reduce cycle time dramatically. Finally, by suggesting one or two process metrics that will indicate whether things have actually gotten fixed, you have now created both accountability and a process for enforcing it.

Getting started tomorrow:

1. Identify three data sources describing the customer experience including a survey, service contact data and at least one type of operational data that can flag operational failures or customer unpleasant surprises.
2. Take you CIO to lunch to gain cooperation in gaining advance access to the operational data that describe tomorrow's CE.
3. Identify the average value of the customer so that you can quantify the revenue damage of each customer left dissatisfied.
4. Pick one issue that is doing damage to customer loyalty and encourage one function to take the lead – offer to provide support and that they will get the glory from enhancing the CE. Be sure to measure pre and post performance to assure you can document the success.
5. Celebrate the success and then move on.

Summary

- Any one VOC data source describing the CE will have flaws. You need to draw upon and integrate multiple sources of data.
- Unless you can show the financial impact of ignoring a problem, no one will care. The monthly revenue impact is much more dramatic and effective than just the current out-of-pocket cost.
- Creation of accountability is critical and positive recognition and celebration are much more effective than negative reporting and shaming. Act as an internal consultant who makes execs look good.

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