SwitchGear Insight #42

Hold Off on Customer Satisfaction

"*We will never be able to fix all of our broken processes … so our strategy will be to focus on improving our customer experience*". These words were part of a speech by a VP of Customer Service who had the audience nodding with approval. Ironically, fixing broken processes and doing what you say you'll do are <u>always</u> the first steps to a competitively superior customer experience.

There is a very powerful link between "Customer Satisfaction" - their most recent <u>opinion</u> of your company - and "customer loyalty" - their <u>behaviours</u> towards your company. Loyalty is: **(1)** They will continue to buy from you. **(2)** They will buy other products from you. **(3)** They will recommend you to their friends. Of course, the opposite behaviour is DIS-Loyalty: They won't re-buy, won't stay, and will speak badly about your company every chance they get.

Companies spend millions of dollars measuring customer satisfaction (CSat - by measuring the customer's <u>opinion</u> shortly after a customer interaction) *while hoping for loyalty*. The subjective, vague, and often conflicting CSat feedback has many companies uncertain about what the data actually tells them, or where to best focus their efforts to improve. When you live inside the *customer experience centres* of public companies that are currently reporting Q1 2014 Corporate Earnings, you realize that the winners are those that have focused FIRST on reducing Customer <u>DIS-Satisfaction</u> and are in turn earning *loyalty*.

Taking aim at Customer DIS-Satisfaction:

Eliminating DIS-Sat has a clear ROI: The reduction of DIS-Satisfaction - when a customer is frustrated or even annoyed - always has a financial ROI and not JUST because they might leave you (customer churn). There are clear added costs from repeat contacts, write-offs, discounting, expensive escalation calls, and a reduction in sales revenue. Even for customers who rated you MILDLY satisfied, continually uncovering what annoys and dis-satisfies them provides clear direction to employees with a direct ROI for the company.

First Contact Resolution (FCR) is too late: *There is no ROI for handling a contact well that should not have happened at all*. Smart companies are thinking and moving upstream, understanding why customers contact them, and eliminating unwanted contacts by *not causing them to happen*. Our speech-giving VP missed the critical point: Fixing the broken processes eliminates DIS-Satisfaction and therefore is the gateway to a competitively superior customer experience.

Understand Non-Resolution: Every service manager knows that "first resolving WHY a customer called" is the primary way to avoid "DIS-Satisfaction" AND increase the chances that they might buy something from you on this contact. Yet, most companies don't intimately understand why customers call them, and fewer still understand which issues frequently go unresolved and why. Want to score well on CSat and increase revenues? Train and focus employees on first solving the initial problem and avoid DIS-Satisfaction before trying to sell or "add value". (*We too often see the opposite approach!*)

…and Social Media (SM) is *way* too late: If annoyed by your broken processes or unskilled agents, your customers are grabbing the SM megaphone to vent their frustrations publicly. You're then forced to reactively throw serious $$ at managing the public perception of your brand. Yet, if you had reduced their DIS-Satisfaction by half, you would also reduce public SM complaints by about the same. The best

strategy would be to focus first on <u>doing what you said you'd do</u>: Reducing service contacts and reinvesting the SM $$ into initiatives like agent training so they can solve the most frequent contact types better and faster.

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KEY POINT:

The strategic importance of the customer experience is real, but blindly chasing a metric called CSat can be a distraction. All organizations care about the "customer experience", but the companies that are out in front have already figured out that you get there <u>by first</u> removing the reasons for DIS-Satisfaction. By doing so, they've reduced churn, reduced costs, and increased revenues ... the benefits of *customer loyalty*.

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To help you *Attack, Attack, Attack:*

Define your customer experience "blueprint": Despite lots of activity, few companies have defined - in absolute terms - what specifically they want their customer contact to be. When your people finish a customer interaction, what SPECIFICALLY should they have done or not done between "*Hello and Goodbye*"?

Read "Stop Trying to Delight Your Customers": This HBR article was written about 4 years ago and is even more relevant today.

DO exactly what you SAY you'll do: Sorry if this sounds "ah shucks, apple pie" but it seems to work.

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