

FROM IRATE TO ADVOCATE

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ABSTRACT

Customers are a bit of a double edged sword – they are the reason we exist, they are a constant source of innovation, a treasure. But they can also be the bane of our lives.

No matter what industry sector, or type of organisation, no matter how good we are at what we do, no matter how much we invest in communication with them, no matter how much we invest in serving them, no matter what, some customers will be almost impossible to please or satisfy.

Irate customers, in particular, can be very challenging and part of that challenge is to create positive outcomes from negative beginnings. Our main focus must always be on building stronger relationships across our customer base rather than with individuals – irate or not. We should be aiming to have our customers be our advocates. That's the bigger challenge.

Intuitive Customer Management™ (ICM) – is the next stage in the development of customer relationships. The Intuitive model demands that Customer Services is shaped on the customer's terms. It shapes the rules, defines processes and the training needs of people dealing with customer interactions at the coal face. To have our customers as our advocates we must allow them to shape the terms and then we must act on them.

KEYWORDS

Customer Services, Customer Management, Irate customers.

1. CUSTOMERS – A TREASURE OR A LIABILITY

Customers are a bit of a double edged sword – they are the reason we exist, they are a constant source of innovation, a treasure. But they can also be the bane of our lives.

No matter what industry sector, or type of organisation, no matter how good we are at what we do, no matter how much we invest in communication with them, no matter how much we invest in serving them, no matter what, some customers will be almost impossible to please or satisfy.

At Manukau Water Limited (MWL) one of our customers didn't like our tariff structure, therefore, in his mind, we were stealing from him, people who steal deserve to be shot and so he was going to get a gun and shoot me and he subsequently threatened others in the organisation. He was convicted on three charges of threatening to kill. Extreme – granted. But irate customers, like any customer, present in different ways, shapes, sizes and with different gripes. They usually take up more time than other customers, they can take an emotional toll on customer facing staff and they usually decry us to their friends and anyone else who will listen and damage our reputation. Right or not.

Irate customers are not happy (a given, I know). They range in emotional state from mildly disappointed to completely outraged and in the way they present themselves from calm to abusive. Usually they have a legitimate reason to be dissatisfied – the product or service didn't work or occur as they thought it should or

someone didn't deliver on a promise. Sometimes the apparent problem is in reality just an excuse driven by something else that has happened in their life. Whatever the reason, it's still a heavy duty moment of truth.

The American Society for Quality recently asked the question "Why do your customers leave you and go to the competition?" Only 9% said they were lured away by the competition. Only 14% said they were dissatisfied with the product or service. The overwhelming majority – an astonishing 68% - said they were turned away by the attitude of indifference on the part of a company employee. Turned away by something totally within the control of the organisation.

The person who said "the customer is always right" had it wrong. The customer isn't always right but they are the reason for our existence. When they are upset, if their emotion and problem is dealt with effectively the relationship can actually turn out to be stronger than it was before the interaction. In the vast majority of cases what the customer wants is a positive outcome. They may come in the door with fire in their eyes, steam coming out of their ears and a variety of colourful words floating in the air, but what they want is their problem solved.

The key to dealing with the customer's tirade intelligently and creatively is not to take it personally. Why? Because it is human nature that when someone attacks us we naturally want to counterattack. You yell at me, I'll yell back and probably louder! As colourful as it may be, it doesn't solve the issue and it doesn't enhance your organisation's reputation.

If you allow it to become personal, it can cloud your judgment and get in the way of reaching a resolution. It can be very difficult to remain cool, calm and creative in a barrage of insults, however, the worse the customer behaves, the greater the opportunity to prove how good you are and turn the situation into a win for both the organisation and the customer.

Irate customers can be very challenging and part of that challenge is to create positive outcomes from negative beginnings. There are some ways that are more likely to give better results than others. What's probably not going to be effective?

1. **Getting defensive.** That only serves to spiral intense feelings of hostility on both sides.
2. **Challenging the customer.** Even though we may be "right" we may sacrifice a good relationship with the customer for the sake of our "rightness". The question is "Is it better to be right or to be effective?"
3. **Letting specific complaints wander into general past transgressions.** Again, this only heightens negative feelings.
4. **Blaming others.** Although this is often tempting, particularly when it genuinely is someone else's fault, it doesn't help to solve the problem.

Frane and Connors (2009) developed the Four Step Resolution System:

When customers are upset, they want to do two things: express their feelings and get their problem solved. There are four clear steps in getting from mad to glad.

1. **Understand the problem.** You can't solve the problem if you don't know what it is, and you can't find out what it is if the customer is ranting and raving.
Begin by listening. Listen attentively as if it were your best friend having the problem. Let the customer vent his or her feelings. It's important that you let the customer explain fully what has happened and why they are upset. This helps you to understand the problem; it helps to diffuse some of the emotions the customer has regarding the problem.

Do not attempt to "cut off" the customer early or prevent them from having their full say. Even though, from your point of view, cutting the explanation (or complaint) short may appear to be more efficient, it can actually make the situation worse because some irate customers may interpret this to mean that you are not really interested in their problem. Remember, first they want to be heard.

In fact, they want to be heard so much that a great way to "defuse" an angry customer, particularly if

you know them, is to say, "Mr. Mooney, you look upset, how can I help you?". With a phrase like that, you signal clearly to the customer: "I'm not your enemy; I want to help, and I'm ready to listen."

As you gain an understanding of why the customer is upset, apologize for the inconvenience and summarize the problem so that both you and the customer can agree on what needs to be solved. This is a key step in the process. You need agreement on the problem so that you do n't inadvertently try to solve the "wrong" problem.

2. **Create Solutions.** Once you both have agreed on the problem, ask the customer how they think the problem could be solved. Sometimes you will have to say "no" to their solutions, but when you do, always try to respond with reasonable alternatives. "I'm sorry Mr. Glusko, I can't do that, but I can do this."

Strive to solve problems quickly, because that makes customers feel you are being responsive to them, but avoid the pitfall of assuming that you know the solution when you don't. It is far better to say, "I don't know, Mr. Wheeler, but I will check on that and get right back to you" than to have to tell Mr. Wheeler that the solution to his difficulty won't be as good as you had originally promised.

If you absolutely must guess what the solution will be, it is far better to give a conservative estimate. The customer will not be disappointed if you can deliver a solution that is better than what you first said. The rule is always 'under promise and over deliver'.

3. **Fix the Problem.** Once you and the customer agree on the solution to the problem, move expeditiously. Explain what you are going to do to solve the problem, and, once again, get the customer to agree that this is an acceptable solution to the problem.

Keep your promises. If you said you would call and check on something, do it, and do it in the time frame you promised. When you explain how you are going to solve the problem, it's good to set up an "out" for time-sensitive promises: Mr. Wright, it usually takes about two weeks to make a repair of this sort. If I find out that it is going to take longer, I'll call you as soon as I know, and we'll discuss what to do."

4. **Follow-Up.** Once the problem has been fixed, it's an extremely good idea to follow up with the customer. Ask if they are satisfied with the solution. If they are not, see if there is anything that can be done to increase their satisfaction.

Thank the customer for bringing the problem to your attention. Apologise again for the inconvenience. Tell them that you look forward to serving them in the future. You can even thank them for their help in solving the problem.

Remember, there's no such thing as a business that never has an unhappy customer, but it's the businesses which work the hardest at satisfying irate customers that generally do the best overall.

It's only difficult if we believe it is. If there is a mindset of everyone's needs being met (not necessarily everyone's wants) it can be quite surprising to discover the flexibility available to find creative solutions. Generally speaking if we play fair with others, they will play fair with us and not take advantage of such an opportunity. It is always best to think and act in terms of long term benefits for all concerned, not just the short term, lowest costs solution.

Of course, the optimal is preventative action. Dealing with a potential issue before it arises. Recent studies indicate that for every irate customer who will come and confront an organisation directly, 11 – 15 will simply take their business elsewhere (if they can) and say nothing. In a monopoly situation such as the water industry, customers will often complain to others but feel powerless to change anything and therefore not bother to contact the company or council.

The thing to be remembered is that complaining customers, even irate ones, are a gift. They are giving us the opportunity to assess our service provision and improve it in the future.

2. Customers as advocates

Our main focus must always be on building positive outcomes and stronger relationships across our customer base rather than with individuals – irate or not. We should be aiming to have our customers be our advocates. That's the bigger challenge. Customers will only be our advocates based on their experience of us. McLean – Conner (2006) expressed it this way – “Customer experience can be defined as the sum of feelings evoked as a result of any interaction at any touch point in the organisation. It is based on the customer's perception of the value delivered, tangible or intangible. Customer satisfaction is the culmination of all of a customer's experiences with an organisation”.

The reality of course is that over the last few years – customer expectations and demands have changed, customers are more savvy, there is a lot more information available to them and our service provision is a lot more visible. Customers, in fact all our stakeholders, are demanding greater transparency in everything we do.

That means that we must have a clear understanding of the customer, their motivations, their priorities, their expectations, their perceptions of other organisations - whether they are in the same sector or not - and how our relationship is changing over time. Predictability would help. It would give us a better chance of planning for the future, but people don't necessarily tell the truth. It's not that they mean not to, it's just that often they don't actually know what they want. McDonald's listened to customer feedback and made fruit bowls available, but very few people chose fruit even though they had said they would. When they gave the feedback they genuinely believed they would select it, in practice though, they didn't. It came off the menu.

People watch TV, read papers, have internet, they travel and they update their ideas on what service is to them and how they deserve and want to be treated. They talk in chat rooms and they belong to pressure groups. Customers are becoming more impatient for their increasingly complex demands to be fulfilled more rapidly, more completely, more individually. Monopoly provider or not.

An organisation must understand customer expectations and look for ways to exceed the expectations. Surveys and focus groups are excellent tools for gaining an understanding of expectations. At MWL, we survey our customers at least annually and hold focus groups. Our latest surveys highlighted for us that key areas for concern are around environmental issues and how and how much we are planning for the future. We responded with communication so that they were aware that we were listening but more importantly that they were areas that we were working on and what those initiatives were. Our overall customer satisfaction in our last survey increased by 25%.

Surveys also provide the ability to measure the success of initiatives targeted at improving satisfaction. Customer complaints are magic so long as there is a process to follow through. Effective complaint management results in increased customer satisfaction, improved customer service processes, and the identification of new products and services. Customers have the knowledge, the organisation's challenge to learn what that is and harness it.

A successful customer complaint process is important to:

- Create a culture where complaints are gifts
- Establish compliant resolution process
- Track, trend, and measure complaint data
- Improve processes based on the data.

Duke Power Company in the US established a systematic complain process which included analysis of the complaints so that action could be taken. The results were dramatic. Transactional survey data revealed a significant difference in the satisfaction levels of customers who had a problem and complained versus those

who did not complain. In fact, more than 70% of customers who experienced a problem and complained overall felt satisfied or very satisfied with the experience, versus only 28% of those who did not complain.

Of course, the question still needs to be asked “Should we even be bothered?” The answer is undoubtedly YES. Successful organisations embrace the fact that customer management is not an optional extra. It’s a fundamental aspect of how they operate. It binds the operational core of the organisation, marketing, people and processes.

That also means that if you are customer driven, then the customer management function should be driving change. The development of products and services, the deployment of people, the processes and particularly technology assets must be directed by the voice of the customer.

Traditionally, we measure customer service by transactional or operational targets – jobs completed on time, calls taken, answer time, breaks per 100 kms, length of shutdowns, etc. But often these are the wrong drivers. We must move to the quality of the interaction and first time resolution – in the field, and in the office. Of course – horses for courses. It must be the right fit. Therefore it’s about understanding the customer and that requires segmentation and that segmentation is almost always going to vary depending on the circumstances. We can segment in many different ways depending on the situation.

But we actually need to go further than that. If we accept the premise that customers are more sophisticated, less patient and more fickle then we also have to manage their expectations, their perceptions and their experience of their interaction. The bottom line is that people and processes that interface with the customer must be able to second guess what they want and meet their needs on an almost intuitive level. One way we are delivering on that at MWL is contact centre staff negotiate response times for service calls with the customer. Even if our targeted response time is, say, two days but the customer wants to wait until the weekend when they’re home and that’s three days away, that’s the response time they get. Providing service on the customer’s terms in action.

3. Intuitive Customer Management™

Intuitive Customer Management (ICM) – is the next stage in the development of customer relationships. An idea put forward by Vertex Data Science Ltd. A leading provider of outsourced business solutions with expertise in customer management. They work across the UK and North America and do a lot of work in both Central and local government and utilities.

The Intuitive model demands that Customer Services is shaped on the customer’s terms. It shapes the rules, defines processes and the training needs of people dealing with customer interactions at the coal face.

ICM is not about people reading from a script or sticking rigidly to rules. It’s about people being able to satisfy the customer using a set of guidelines.

It results in improved outcomes for the organisation and the customer because while guidelines are set for each circumstance they can be interpreted individually.

One of the first things that ICM requires is for an organisation to very clearly define its brand - what it stands for and how much it is prepared to shape how it operates and the customer interface to sharpen the differentiation. At MWL our four primary goals over the next three to five years are:

- Our customers are our advocates
- Councillors are proud of our company
- We are a sustainable company
- We have positive brand recognition

And our Customer Service Principles are:

- Our customers are at the centre of everything we do
- Customer Satisfaction: Customers are aware of our promises and we are able to successfully deliver (and exceed) on those promises
- Customer choice: Customers are able to choose the way they interact with us
- Staff Development: Our staff are fully trained and knowledgeable of our services and standards
- Staff Engagement: Staff are keen (and able) to deliver ‘world class’ service to our internal and external customers
- Contractor Relationship Management: Our contractors are fully engaged and passionate about delivering the agreed standard of service to our customers and we have agreed processes and policies in place to support them
- Quality Systems: Our processes, procedures and resulting documentation are best practice and promote best practice service delivery
- System Utilisation: We are using the right system, for the right job, with an understanding and awareness of future requirements in terms of technical capability and integration. Our teams understand how our systems work and are skilled users
- Community Engagement: Our customers and the local community know who we are, what we can deliver and what to expect from us. They actively promote MWL and are advocates of the service standards that we deliver to

Training and “empowerment” are critical to ICM’s success. It requires a substantial investment on both money and time and also the agility to cope with the consequences of increased flexibility. That’s not just in customer facing staff but across the organisation. When MWL’s contact centre staff negotiate something out of the norm with our customer the rest of the business must deliver on that promise.

One of the critical outcomes is first time resolution. The pay back is more productive use of time, and most certainly, improved customer experiences.

We discussed Brand definition earlier. A perfect example is from a book by Seth Godin called *The Big Moo*. Godin is described by Randall Rothenberg, media and marketing columnist for the Advertising Age as “... the best intuitive marketer alive today. He’s in that tiny subset of the niche within the microcommunity of people who simply get it”. One of the stories in Godin’s book is about Reggie.

“Reggie fixes bikes in Mt Kisco, New York. For every bike he fixes (he charges by the hour and even a small job takes an hour) he does his best. Then he spends five extra minutes doing something special.

During that first hour, Reggie is a perfectly fine bike mechanic. He pays attention to detail and follows established protocols. He is careful and focused and diligent. Like a thousand other good bike mechanics, he gets the job done and earns his pay.

In the last five minutes, though, Reggie transforms himself from a workman into an artist. In those extra few minutes, he becomes remarkable.

Sometimes, all he does is carefully clean the chain. Other times, he’ll take the bike out to the potholed parking lot and be sure the gears are adjusted properly. And sometimes, especially if the bike is for a cute kid, he’ll attach a horn or some tassels – anything worth noticing.

The astonishing thing isn’t how unusual Reggie is. The astonishing thing is how easy it is to do what Reggie does, and how many people *don’t* do it. It doesn’t matter whether you’re doing accounts payable or product design. Those last five minutes make it easy for your customers to find the difference between you and everyone else.

It takes 99% of the time you spend just to be average. The remarkable stuff can happen in a flash.”

That's about soul. Part of what defines soul is the willingness to stand out from the crowd so that you can capture the imagination and the advocacy of the customer. And to quote the saying – "it's not about size". It doesn't matter whether it's Reggie's bike shop or our organisations or in fact Fonterra or Telecom.

Of course ICM is not an overnight wonder. It takes considerable thought, time and planning. It's a fundamental cultural change and takes understanding the potential impacts on the organisation and how they can be mitigated or resourced. It must be integrated alongside marketing, brand development, communications and people based processes and disciplines. The consequences of not doing that are potentially huge. You cannot have customer facing staff saying one thing and then the organisation being unable to deliver (as noted earlier). The first in the firing line will be the very staff in the front line who made the promise in the beginning.

If ICM is the future, how do we get there? It's a balance of a number of factors. The importance of technology is undeniable. It's about all the smarts that we already know about such as interactive self service, customer recognition, etc but it will also be about a whole lot of things we don't even know about yet. Look at our kids now – technology is everyday life.

Ultimately it's about people serving people and it's the performance of the people that dictates the reputation of the organisation. That means we have to reassess transactional targets and move to measuring the quality of the interaction and the outcomes from that interaction. We have to move to investing first in team leaders and managers to develop a high performing culture. It's that level that makes or breaks any significant organisational change. It has to be cascaded – high performing leaders to high performing managers and team leaders to high performing staff. It's about effective customer facing training and inspirational management. Customer management should act as the ambassador for the organisation so everyone has to absolutely understand and then be able to deliver on the brand promise. It's critical that the values, ethos and priorities of the organisation are internalised by the people deployed to represent them.

At this point we should consider the question "what about the cost"? It's traditionally held that if you increase service you must increase cost. That high service and low costs are mutually exclusive. We have to change our thinking to a fundamental belief that we can have both (refer Figure 1). "The very best of utilities deliver excellent customer service while reducing customer service costs. They understand the meter-to-cash cycle and continue to improve delivery of this cycle. These organisations are lowering costs and improving service by selectively partnering with other service providers who also want customers as advocates, migrating customers to lower cost channels, and proactively aiding credit – challenged customers." Mclean-Conner (2006)

We must be focusing on being in Quadrant 1.

The service / cost trade-off

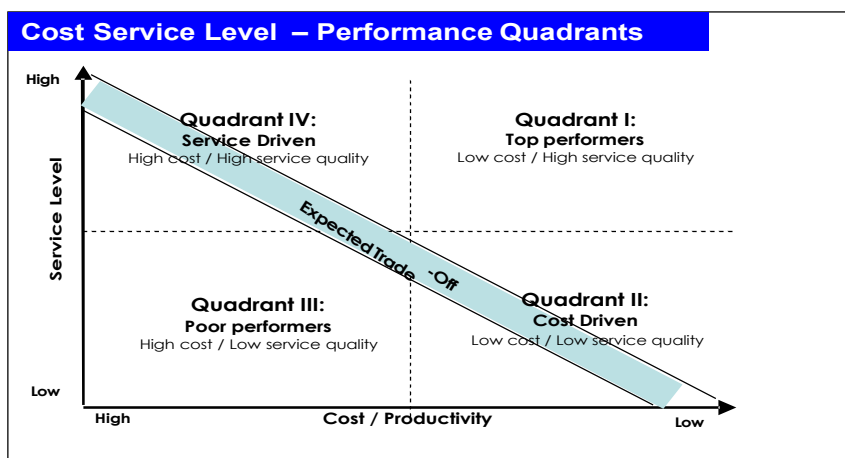


Figure 1

We have to understand how important ICM is for organisations that care about what their customers think about them and how they talk to others about them. It is a major cultural shift and not necessarily easy. It actually means repositioning to meet the needs of the customer with the customer at the centre of the organisation. It means the investment in people discussed earlier. It will take courage. It's not a short term focus. You have to be in it for the long haul. A major hurdle is that currently most of us are measured and rewarded on short term goals. That also has to be addressed.

The challenge we face is that customer management must play a more central role in shaping the soul and personality of the organisation and show customers where the value lies in their experience of the organisation. To quote the cliché – it must be about win: win.

I want to finish with, as John Campbell puts it, something to ponder. Again from Seth Godin's book *The Big Moo*.

“Washington D.C 2010, April – (AP) Spiralling price competition from China, India, Wal-mart, and Internet programmers is driving prices down to their lowest levels in one hundred years, the U.S Commerce Department said Yesterday.

Based on data it has collected, the Commerce Department issues an extraordinary warning: U.S. businesses should consider changing their business model to a donation based system or face highly uncertain prospects, including Chapter 7 bankruptcy. In a related story, bankruptcy filings reached record levels last week....

Right now the article above is a science fiction story. Maybe a really bad one. But imagine if price competition played out to its ultimate end: Everything is free. Or virtually free. You can only earn revenue by convincing customers to donate money that represents their value of your product.

A model that relies on donations and is based on free seems alien, but maybe that's the best route for the future of your organisation.

For a moment, imagine that within a year global competition causes your organisation to rely on donations to survive. How will you prepare? How will you change your relationship with customers? Will you change at all? How will you attract and keep customers who will chip in extra money if you can't meet your yearly revenue goals?

How will you change your product to become so valuable that customers will pay a fair price after they've used it for a year? What will you do differently to survive?"

So....what would you do?

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