

help your business formulate complaint handling policies and procedures that can help you retain customers who would otherwise be lost.

Better Business Bureau

Recognizing that unresolved complaints pose a threat to consumer confidence and the climate of the American marketplace, the Better Business Bureau (BBB) has dedicated itself to playing a leadership role in the resolution of consumer-business disputes.

According to various national polls, the BBB is the most recognized and most used third-party complaint handling mechanism in the United States. A 1996 Gallup study showed 98 percent of the consuming public knows of the Better Business Bureau.

The BBB believes consumers and businesses alike are best served if they can resolve their disputes independently. However, if the matter is not resolved, the BBB will attempt to bring about a resolution by facilitating two-way communication between the parties through mediation.

Should these informal efforts to settle the dispute fail, the BBB can offer arbitration.

Arbitration is a legally binding process that begins when both parties sign an agreement permitting the arbitrator to conduct a fact-finding hearing and make a final decision. With no formal rules of evidence, the arbitration hearing uses informal procedures and allows consumers to present their own cases.

A Better Business Bureau Publication

Better Business Bureaus are not-for-profit organizations, serving the public interest by promoting ethical business practices in the marketplace.



Better Business Bureau

Serving Eastern Missouri and Southern Illinois

12 Sunnen Drive, Suite 121 • St. Louis, MO 63143
Phone (314) 645-4636 • Fax (314) 645-2666
www.contactbbb.org • email: bbb@contactbbb.org



Better Business Bureau

Effective Customer Relations

*Dependable Tips
and
Helpful Information*

The mission of the Better Business Bureau serving Eastern Missouri and Southern Illinois is to help make the entire region a better place in which to live, work, and do business by encouraging positive business practices.

Why Customers Complain

Most customers complain because, for a host of different reasons, the expectations they have when purchasing a product or service are not met. Better Business Bureaus consistently find the following causes behind the majority of consumer complaints they handle.

1

PRODUCT SERVICE CAUSES:

- Poor product quality;
- Maintenance difficulties;
- Inadequate or poor repair work;
- Goods/services delivery delays;
- Failure to fulfill product or service warranties;
- Incompetent or discourteous employees.

2

ACCOUNTING CAUSES:

- Billing errors;
- Failure to provide timely refunds and adjustments, as promised.

3

SALES PRACTICE CAUSES:

- Deceptive or inaccurate advertising;
- Advertising products that are unavailable or in limited supply;
- Misleading or false representations by sales staff.

4

UNDERLYING CAUSES:

- Wide-ranging product choices with a lack of information for making purchasing decisions;
- Complicated product design;
- Poor product instructions.

Your Customer Relations Policy

The foundation of customer goodwill is the practice of good customer relations. Your policy is a promise that you are committed to customer satisfaction.

DOES YOUR POLICY:

- Encourage your customers to express their concerns?
- Solve problems quickly and conveniently?
- Cover your business's advertising, sales, promotions, displays, selling methods, pricing, warranties, deliveries, returns, refunds, etc.?
- Properly train your employees in customer relations matters?
- Conform to federal, state, and local laws and regulations?

Complaint Handling

Follow These Essential Procedures:

Screen & Log In: Start a formal procedure for logging the date a complaint is received and a record of pertinent information;

Investigate: Take down the customer's explanation, research in-house records on the customer, request receipts or other records, and inspect the product or service;

Acknowledge: If possible, tell a customer how long it will take to satisfy a complaint, especially if a delay could occur;

Formulate a Solution: Any solution should conform to your established customer relations policy and take into account contractual and/or warranty obligations, customer expectations, your company's expectations, a cost/benefit analysis, your ability to deliver on your decision, and the prospect that the customer may reject your solution and seek redress to an outside source;

Respond: Make sure your response is clear, appropriate, and avoid "stock" or technical jargon. A respectful explanation of even an adverse decision can often preserve customer goodwill;

Follow-up: After your response, contact your customer to make sure the matter has been satisfactorily resolved.

Customer Relations Checklist

The following questions can help you evaluate your company for its strengths and weaknesses in promoting greater customer satisfaction:

- Do you have a formal, written customer relations policy?
- Does the policy cover all aspects of the business that directly relate to the customer, such as advertising, sales promotions, displays, selling methods, servicing, warranties, pricing, deliveries, returns, refunds, complaint handling, etc.?
- Does your policy state a commitment to using a third party dispute resolution program for unsettled complaints?
- Is the policy clear and easily understood at all levels of the organization?
- Is the policy effectively communicated to the entire organization?
- Does management monitor and enforce the policy?
- Is the policy consistent with applicable federal, state, and local laws and regulations?
- Are there any practices, attitudes, or understandings that appear to be in conflict with existing policy?

Complaint Handling Checklist

- Are complaint handling procedures clearly understood by all employees?
- Has a person been designated to supervise complaint handling activity?

- Are there clear, written procedures for screening and logging, investigating, acknowledging, resolving, responding to, and following-up complaints?
- Is there a known procedure for referring unsettled complaints to a third party dispute resolution mechanism?
- Do the procedures cover complaints by mail, by phone, online, or in person?
- Have you considered installing an 800 telephone number or online complaint form to aid in customer service and complaint handling?
- Are there management controls to ensure that complaints are processed according to policy and procedure?
- Do the controls ensure prompt handling and settlement of complaints within a reasonable time frame?
- Are communications to customers handled in a helpful and courteous manner and can you ensure prompt and complete answers to customer questions?
- Has there been any analysis by management of past complaints to identify patterns, trends, and causes?
- Does the manner of complaint handling represent the best interests of the company, as well as its customers?

Customer Relations Crisis

In the long run, business profits are tied to a company's ability to satisfy customers. This being the case, the following findings from a summary of recent studies conducted by Technical Assistance Research Programs, Inc. (TARP) of Arlington, Virginia, should be sobering to any business owner:

- About 50% of the time, customers who have a problem with a product or service are not likely to tell a company about it;
- Between 50% to 90% of these "silent critics" will probably take their future business to a competitor;
- Even when a customer does complain, one out of every two will not be thoroughly satisfied with the company's efforts to solve the problem;
- Dissatisfied customers typically tell between *eight to 16 other people* when they have had an unsatisfactory experience with a company;
- Negative information has twice the impact of positive information on purchasing decisions;
- Word-of-mouth is one of the most important factors influencing a customer's decision to buy from a company;
- It costs between two to 20 times as much to win a new customer as to retain an existing one who has a complaint.

As the TARP studies show, complaints are one of your most important business opportunities; often returning *five dollars* in revenue for every *one dollar* spent on complaint handling. The guidance and suggestions found in this brochure can