Complaints management system

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An organisation that wants to be regarded as a good corporate citizen is committed to the welfare and environment of the community and recognises that customer satisfaction is essential to doing business.

Satisfying customers is not an innovation: it is the foundation of any successful organisation. In a customer-driven business it makes sense to have in place mechanisms that capture information (both positive and negative) that identifies what adds or takes away value to the customer and therefore to the business. This can be classed as a complaints management system (CMS).

A CMS demonstrates a business’s commitment to achieving a high level of customer loyalty; its genuine desire to listen, act upon and resolve customer issues and to utilise complaints as a mechanism for business improvement opportunities.

It also allows a business to obtain data from its customers that will allow the business to develop long term strategies that have the potential to determine the success of a business.

In order to compete a business needs to develop strategies to ensure more efficient resource allocation and the development of products and services more suited to the customer’s needs. Who better to get this information from but the customer themselves?

Some of the objectives of a customer complaints management system are set out below.

**Promote competitive market conduct**

A CMS allows a business to add value to its products and services by addressing systemic and recurring problems, to instigate changes to policies and procedures to prevent recurring complaints of a similar nature and to identify training deficiencies.

**Prevent the misuse of monopoly power**

In order to prevent the misuse of monopoly power, legislation and regulations have been put in place. One of the greater challenges of meeting these legislative requirements was a culture change: a culture change that embraced the concept of continuous improvement in customer satisfaction.

Traditionally many businesses (especially where competition did not exist), decided on a course of action and put this action into play with little if any explanation to or consultation with customers. When questioned by customers on why the action was undertaken, the answer was often ‘because we can’.

As a consequence these businesses are often seen as threatening, with customers having no avenue for complaint other than legal action. The cost of legal action prohibits most customers from this kind of resolution.

Businesses must develop strategies in which the customer is seen as having an inalienable right to be informed and consulted where a course of action would affect them, and as having the right to lodge a complaint against an action or proposed action by the organisation.
businesses question how their actions affect customers they are then truly customer driven.

A CMS can identify resource requirements and monitor levels of responsibility and accountability to continually reinforce an employee's role in complaint resolution.

Ensure users and consumers benefit from competition

In recent years, it has become a business standard to develop and disseminate information to customers in formats such as feedback brochures or customer charters that provide a basis for the establishment of rights and obligations in the relationship between the customer and the business.

As customers become more knowledgeable and as expectations grow due to competition, they become more confident in exercising their rights, including the right to complain.

The strategy of encouraging complaints while giving the appearance of increasing the number of complaints received, is at this stage not a true indicator of the performance of the CMS.

An increase in the number of complaints actually received is more likely to be a result of increased customer access to the business.

A better indicator of performance is how the customer's complaint was processed through the business's CMS.

Establishing a complaints management system

A customer-driven organisation must have a process that demonstrates the organisation's aim to exceed customer satisfaction levels, that is, to go beyond the expectations of the customer. One method of providing this is the development and implementation of a CMS.

The implementation of a CMS provides customers with access to the organisation with the assurance that their complaint will be heard at the highest level of the organisation to achieve resolution.

Timely and courteous service

Customers are continually frustrated in their attempts to have their inquiries and complaints resolved in a timely and courteous manner. Complaints can result not only from the business not reviewing the complaint, but also from the business not keeping the customer informed of the progress of his or her complaint.

As a consequence, it is becoming a benchmark standard to demonstrate a commitment to time limit targets in both resolving a complaint and keeping the customer informed of the progress of a complaint.

A complaint system database can automate communications to customers by acknowledging receipt of their complaints and explaining how their concerns will be processed. It can also be developed to automate e-mails to employees to prompt the required action.

Referral

In many instances customers face frustration at the first point of contact. A common complaint by customers is that they are not being heard and that the contact person has no empathy with their complaint.

Customers are often transferred to a number of different employees, who may have no information and/or may feel the complaint is outside their area of accountability.

Businesses where this occurs can develop a reputation for poor customer service, confusion among employees as to where accountability lies, and spiralling costs as resources are unnecessarily spent on delays in achieving resolutions.

A CMS can combat these issues if it promotes confidence in the customer that his or her complaint will be heard at the highest level within the business and establishes accountabilities to achieve resolution of the complaint.

The CMS should establish a staged level of response. The first contact point should have accountability to achieve resolution. Where this is not achieved, the complaint should be referred through the business up to the CEO, in order to achieve resolution.

This process should then be made...
> available to customers through the production of, for example, ‘How To Complain’ brochures.

**Availability of policies and procedures**

Policy and procedures developed by businesses are often seen as being set in concrete and are often used as a justification for a course of action by employees. This inflexibility can prevent a business from continually improving its practices and discourage employees from operating outside the established framework to resolve a complaint by negotiation rather than operating from a principle-based position.

Such inflexibility can also deny customers the opportunity to comment on policies and procedures they consider to be unfair or unreasonable.

Making CMS procedures available to customers promotes confidence that the business values its customers and is committed to gaining information that will give added value to the customer.

**Centralised data collection centre**

A customer-driven organisation, to gain the full benefits of a CMS, needs to establish a centralised database. This database should be selected on the basis of its ease of use and should enable the organisation to address systemic and recurring problems and track the progress of customer complaints.

Businesses have traditionally faced problems in identifying who in the business has been in contact with customers and what steps were taken in previous attempts to bring a complaint to resolution.

This is highlighted when a complaint has escalated to either a higher level within the business or to an external complaint resolution authority, such as an ombudsman or a dispute resolution professional (such as a mediator, expert or arbitrator).

The centralised database will allow the organisation to:

- Retrieve complaints by reference number and nature of complaint
- Date stamp each stage of the process
- Monitor and initiate response flags at each stage of the referral process
- Retrieve details on attempts at resolution
- Monitor and identify the recipient of the complaint and where the complaint is currently situated
- Automate communications both to the customer and to members of the business to prompt a response
- Automate management reporting requirements

**Measuring customer service performance**

The two essential elements of a quality system are the quality of the product provided, (what the customer wanted) and the quality of service (how the customer receives the product).

A CMS is an aid in benchmarking a complaint handling process, in achieving customer satisfaction and in measuring the quality of product and the quality of service being delivered.

**Conclusion**

Some businesses are now bound by legislative and regulatory authorities to develop and implement a CMS.

Other businesses are developing a CMS because they recognise the competitive need to ensure customer satisfaction. They also recognise that a greater effort is required to fulfil customer expectations in today’s demanding consumer environment.

By establishing an effective CMS, a business ensures its commitment to satisfactorily resolving any customer complaint.

Self-regulation is desirable in a business environment. An effective CMS ensures that limited intervention is required by an external complaint resolution process.

Specialists are available to either establish or revise a CMS to ensure that objectives are being met with regard to customer service and regulatory requirements.

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