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Listen and Learn:

Improving Operations by Utilizing Customer Feedback

(Version 2)

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Customer service means being aware of needs, problems, fears and aspirations. Numerous studies have shown that the cost to acquire a new customer is five to ten times the amount of retaining an existing customer. And according to several Harvard professors,¹ even a 5% improvement in customer retention can boost profits 25 to 85%!

How then, do companies retain a loyal and consistent customer base? They listen to their customers, learn from them, and adapt their operations accordingly. The most powerful training tool an organization can possess is customer feedback about its products and services. Understanding your customers' needs and perceptions can give you an edge over the competition by improving your operations, including:

- Delivering enhanced and consistent customer service
- Turning employee weaknesses into strengths
- Allocating resources in the most effective manner
- Motivating employees with incentives based on customer satisfaction

Listen. Learn. Adapt.

The formula is simple: analyze your customer satisfaction data to determine which specific service processes need improvement, and how to improve them. Bud Wilkinson, the famous football player and coach, said it best, "Every game is an opportunity to measure yourself against your own potential."

Let's look at an example from a fine-dining restaurant chain. This restaurant was experiencing individual service lapses. Management wanted a way to measure and monitor employee service delivery and to involve the customer in constructing better service. Examples from verbatim customer voice recordings at the time of service included:

- "There were no clams in my clam chowder."
- "Your server did not know the menu offerings and never filled my water glass."
- "Could you include more vegetarian or low-carb offerings?"

Real-time customer feedback enabled this restaurant chain to make immediate changes to poor operational practices. For example, clams sink to the bottom of the pot, if the chowder is not stirred frequently. New servers ignorant to this fact were serving bowls of chowder without any clams. The restaurant adjusted its training program to include teaching servers to stir the clam chowder before serving individual bowls, thereby solving the problem. In addition, the restaurant was able to effect immediate service-lapse recovery by contacting the affected customers, explaining the situation, and inviting them to return for a complimentary meal. Thus the restaurant's customers became "performance coaches" for front-line staff, leading to both customer retention and increased profits.

The Importance of Real-Time

According to British Airways' Donald Porter, "Customers don't expect you to be perfect. They do expect you to fix things when they go wrong."

However, in order to make effective changes to processes, customer feedback needs to be monitored in **real-time**. Although many customer and employee feedback approaches exist, to be truly useful, an effective feedback solution should deliver real-time employee performance information while the experience is still fresh in their minds. The longer the data sits unused, the more difficult it becomes to implement change.

Individual Employee Performance

Organizations can obtain and analyze feedback from a department, region, branch, or most importantly, an individual employee. This allows management to critique individuals in order to maximize performance and hold them accountable for meeting goals.

Analyzing data from individual employees gives companies the ability to offer targeted training based on areas needing improvement. Here's an example from the salon industry. Most people go to the barbershop or beauty salon for two main reasons: (1) get a haircut, and (2) engage in pleasant conversation with a stylist. A talkative, chatting stylist fits this need exactly. But some people just want to be left alone. The truly successful salon companies note the customer's preference each time they visit, and then meet those expectations. They may even ask the customer if "he or she feels like talking today?"

At Mindshare we provide automated customer feedback across more than 25 service industries and many of the Fortune 500 companies, which gives us unusual insight into customers' perceptions of service. Good employees want to be held accountable. Customer feedback gives organizations an objective measurement of their service delivery, allowing managers to fine-tune training to the individual employee.

According to former Ritz Carlton Hotels' CEO, Horst Schulz, "Unless you have 100% customer satisfaction and I don't just mean satisfied, I mean that they are excited about what you are doing, you must improve." This, of course, applies to all companies. Customer service is the essence of commerce and affects us all. In order for a company to provide great customer service, information about what is and what is not working for the customer is critical to success. Obtaining customer feedback can help determine areas of weakness within an organization, and with appropriate adjustment, can turn those weaknesses into strengths.

This is how I see it.

About Richard D. Hanks and Mindshare

Richard D. Hanks is the President of **Mindshare Technologies**, a leading provider of real-time, automated customer and employee feedback solutions. His experience spans multiple industries and disciplines, including many years as an adjunct professor at Cornell. He is an author and frequent teacher/speaker at trade, academic, and professional gatherings. Mindshare's business monitoring tools help companies improve operational excellence and minimize customer attrition through personal customer involvement. Mindshare's proprietary survey technology captures the voice of the customer in real-time and immediately transforms it into actionable intelligence through powerful enterprise reporting. As a hosted system, Mindshare is affordable and flexible, with surveys and reports tailored to fit a company's individual needs. For more information please visit: www.mshare.net. To reach Rich directly, contact him at rhanks@mshare.net or (801) 263-2333.

¹ From "Zero Defections: Quality Comes to Services," by F. Reichheld and W. E. Sasser, Jr., Harvard Business Review, Sept 1990.