A **Mindshare Technologies** white paper

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What Do You Really Want to Know About Your Customers?

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It's true that the more you know about your customer the better off you are. And customer relationship management (CRM) software and other technologies certainly help us get closer to the customer, collect more detailed information, and segment customers into more useful and practical groupings. With today's technologies, organizations can collect, store, and retrieve a variety of types of information – where the customer lives, the size of his or her family, income range, ethnicity, even hair color.

But the truth is, no matter how sophisticated the CRM system, to be able to continue to provide top-quality service to customers, companies need to know not only who the customer is in as much detail as possible, but how well the customer was treated in his or her last transaction.

Any type of customer information is important and can be useful, says Rich Hanks, President of Mindshare Technologies, a provider of customer feedback services. But many customer feedback and customer database strategies get too caught up in the details.

The trick is to prioritize, to go after the type of information that is going to be most useful both for market research, and in terms of practical value to the frontline manager. And in general, practical value should win out. For instance, says Hanks, "If you give me my choice between a huge demographics-oriented market research questionnaire or a question like, 'Was the bathroom clean in the restaurant?' I would much prefer `Was the bathroom clean in the restaurant?' because you can do something about that right now, and it will influence the repeat buy and the loyalty of the customer."

What else should you focus on when you ask customers for feedback? Here are some suggestions from Hanks and from John Sperry, Mindshare's CEO, on how to get useful, useable information through customer feedback. Focus on process questions. "In the course of 20-25 questions that we might ask in a typical Customer feedback survey, we will ask a few general satisfaction questions and a few market research type questions," says Hanks, "but the majority of questions will be looking for specific feedback on product, service, friendliness, and how well we did at each step of the customer interaction."

Customer feedback do's and don'ts
What are some of the things that you should try to do, or try to avoid, when collecting customer feedback? Rich Hanks and John Sperry of Mindshare Technologies offer these suggestions:

- Keep the focus on operational issues rather than market research and demographics. Look for information that a local manager can act on.
- Don't let your questionnaire get too long. "Some companies will try to jam 50 questions into a customer survey," Hanks says. "Nobody wants to be on the phone or completing an online survey for that long."
- Try to obtain feedback from every customer, and let the customer decide whether he or she would prefer to provide feedback via the phone or the Web.
- Ensure customer anonymity. Too many customers will seek to avoid conflict and minimize negative comments in face-to-face or phone-to-face surveys. Anonymous online or phone-based surveys will give you more accurate feedback.
- Recognize or reward employees who receive positive feedback, and get the message out to other locations. "You want that behavior to be repeated and replicated," says Sperry.
- Don't ignore or neglect negative comments. Follow up on them on the local level. "There are a lot of studies out there that show if you recover a customer who has had a bad experience, that customer will be more loyal than if he had never had that experience," says Sperry.

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Says Sperry: "Obviously the questions are going to be specific to the industry that you are in and to the locale in question, but the questions that you ask should largely be about things that the general manager of the location can do something about – things that affect the operational side of the business."

For instance: "We ask all of the traditional questions about behavior, loyalty, and brand, and we want to know if they are going to come back and if they are going to tell their friends. And if you are a first-time customer, we want to know what drove you there," says Hanks.

"But each of those takes a backseat to 'Were you greeted in a friendly way?' or, if it's a restaurant: `Did the manager visit your table?' If it's a call center: `Was the rep on the phone empowered to make a decision?' Market research and demographic types of questions can be asked to some extent, but operations improvement questions should be required – so that every customer can provide feedback on his or her specific experience."

Get feedback from everyone, and respond to all feedback

Another issue that companies often face when seeking customer feedback is whether they are getting a statistically-valid sample of their customer population. Mindshare's answer to this question is that companies should get feedback from everyone. Or at least to give every customer the opportunity to provide feedback after every contact or transaction either through a website or an interactive voice response (IVR) system.

In a restaurant, for example, the invitation to provide feedback would appear prominently on the customer's receipt. In a hospital it might be on a big poster in the emergency room. In a call center, the customer might be invited to stay on the line after completing his or her transaction in order to complete an automated survey.

Sperry adds that by getting feedback from everyone, and taking action whenever a customer has a bad experience, you're working to create a more loyal customer base, and that should be the point of any customer feedback strategy rather than simply to collect demographic information. "The interesting thing, when you approach feedback from the operational side, is if a customer says that he or she is upset, there doesn't have to be any more statistical sampling. If I've had a bad experience, it needs to be corrected," he says. That is a sample size of *one*.

"Your system also has to be able to drive corrective action," says Sperry. "It has to be able to close the loop when some kind of an incident has been opened up." In fact, the Mindshare system sends an "Alert" to frontline managers whenever it receives a record of a bad experience from a customer. And the Alert stays open until the manager indicates that he has called the customer and resolved the issue, thereby "closing the accountability loop at the local level," says Sperry.

Hanks adds: "An Alert is thought of as an individual incident opened up in the system, and that Alert will include all of the information necessary to resolve the issue. It will even include the customer's verbatims so these can be used to coach employees. There's nothing more frustrating to a manager than to be told they have a problem and not give them the information or tools they need to fix it."

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Use feedback to drive action. Negative feedback from customers should also be rolled back into training and coaching efforts on the operational level. Rich uses the analogy of "lather, rinse, repeat," where "you are constantly learning things from your customers, taking those things and addressing them through your employee training exercises, and pushing that out to your employee base to put into effect. Then you collect some more feedback and do it over again."

Managers can also use the verbatims in group coaching, reading them or playing them for staff meetings to discuss strategies for dealing with the issue in the future.

Positive verbatims can also be used for recognition purposes, Hanks says: "For instance, you might get one that says, 'George was a great help and took care of my problem in one call. He explained everything in terms I could understand, and I think George should get a raise.' Play that in front of George's peers and suddenly George is a lot more loyal employee."

Sperry adds: "Sometimes we put together an executive CD compiling customer comments. That way you've got the executive team listening to the whole gamut of customer comments - from positive to negative to product recommendations to silly things that the customers feel about the way things are done.

It gets them thinking from the customer's perspective. Instead of guessing what the customer is thinking, top executives can listen for 20 to 30 minutes each day as they're driving in to work in the morning and be directly in tune with the customer."

Richard D. Hanks *is President of Mindshare Technologies, the leading provider of real-time, automated customer and employee feedback solutions. Mr. Hanks has been a senior executive of several Fortune 500 companies as well as several start-up ventures. An active participant on various boards of corporations, universities, and foundations, his experience spans multiple industries and disciplines, including many years as an adjunct professor at Cornell. He is a frequent teacher/speaker at trade, academic, and professional gatherings. He is the author of "Delivering and Measuring Customer Service." He obtained his bachelor's degree from Brigham Young University and his MBA from Northwestern University. For more information please visit: www.mshare.net & www.duffroad.com. To reach Rich directly, contact him at rhanks@mshare.net or (801) 263-2333.*

Since the early 1990's, ***John R. Sperry*** *has guided and directed the product and technology development for three companies. He is particularly skilled at finding technology solutions to constrained business problems. Mr. Sperry was CTO for BlueStep, Inc. where he helped design and implement a collaborative web solution that was used by 30,000 people daily in organizations from the State of Utah to the University of Arizona. He worked with SunGard Data Systems as Senior Vice President of Technology. At SunGard he implemented large enterprise financial and CRM solutions for companies such as State Farm, Citibank, Bank of America, Prudential Securities, Met life, New York Life and others. Before SunGard, Mr. Sperry was the Vice President of Product Development for Sterling Wentworth. At Sterling Wentworth, he designed various cross-selling and profiling applications using 'fuzzy logic'. He implemented solutions with USAA, GMAC, Mutual of Omaha, Wachovia Bank and other financial institutions. Mr. Sperry spent a year working for the Garn Institute of Finance. He has his MBA and Finance degrees from the University of Utah and Brigham Young University. If you have any comments or questions, please contact him at 801/263-2333.*