



North Jersey  
Section  
Excellence Through Quality™

# The Powerful Role of Quality In Customer Experience

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# Today's Agenda

9:00 – 9:15

- A Brief History Of Customer Complaint Behavior

9:15 – 9:35

- Taking A Multi-Dimensional Approach To Defining & Measuring CX

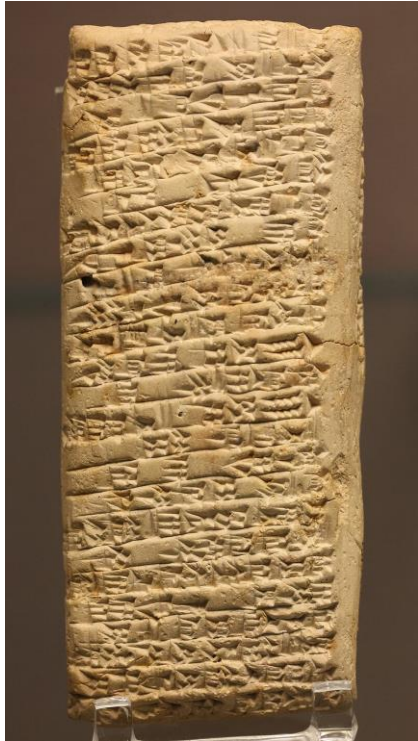
9:35 – 9:50

- Creating A Revenue-Based Business Case For Focusing On The Quality Of CX

Please feel free to interrupt us and ask questions via the chat!



# Death, Taxes, & Customer Complaints

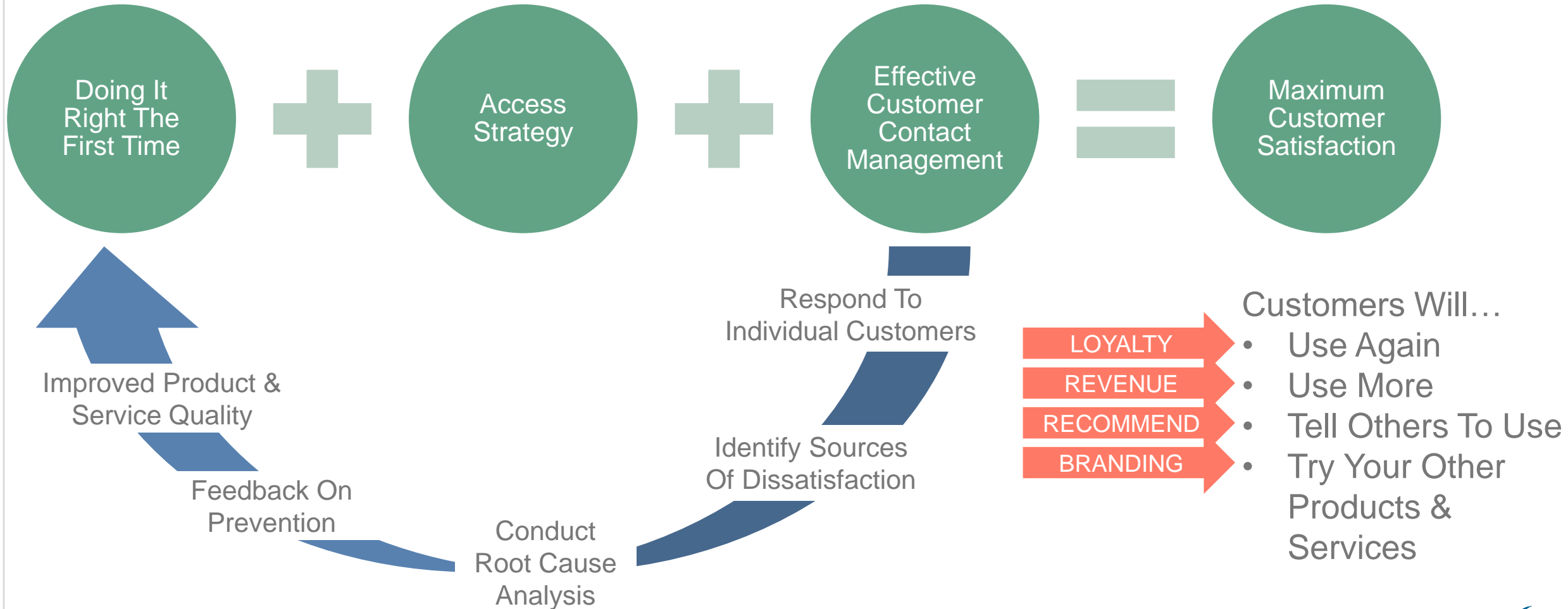


The famous 'complaint tablet to Ea-nāšir' was written in 1750 BCE, where a customer complains to his copper merchant about the **quality of the copper, issues with delivery, and rude service that his representative (servant) received.**

Today, customer complaints may not be etched in stone, but the sentiment is largely unchanged. Companies still find it difficult to meet customer expectations when it comes to **products, delivery, and service.**

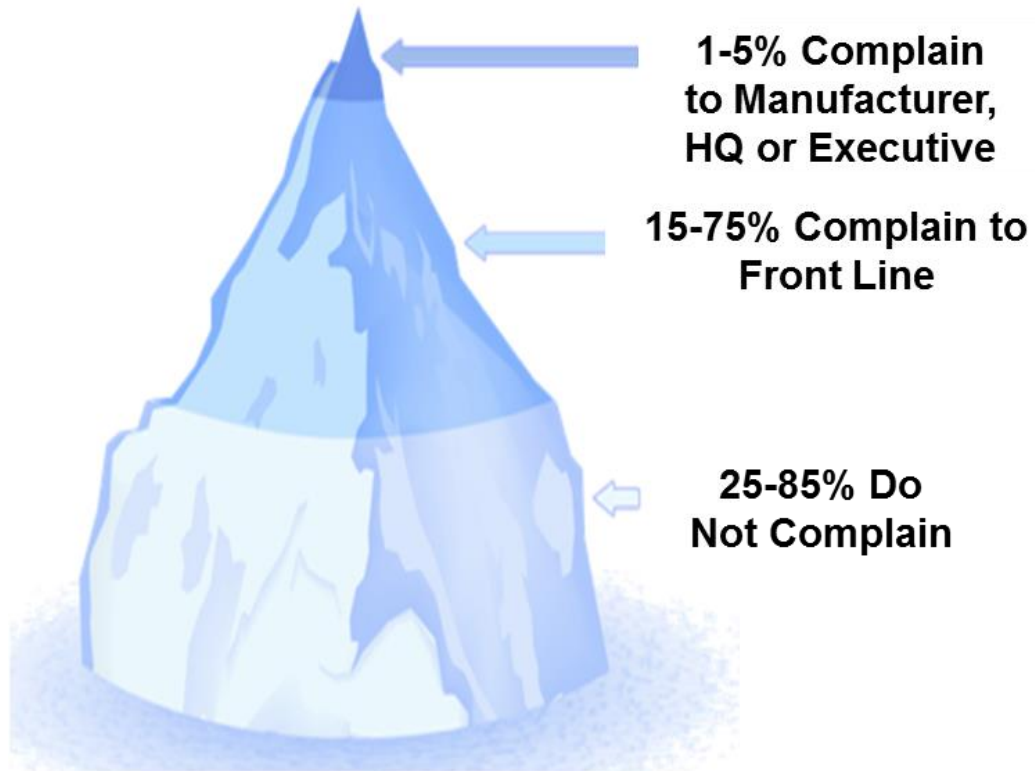


# CX 101: Proactivity, Prevention & Engagement



# You Can Only Solve Problems That You Know About

## Customers Who Experience a Quality Problem...



## Why might customers not complain?

- Too much trouble/effort
- Will do no good
- Don't know how

B2B customers can be more concerned about souring an ongoing relationship and complain less than B2C customers.

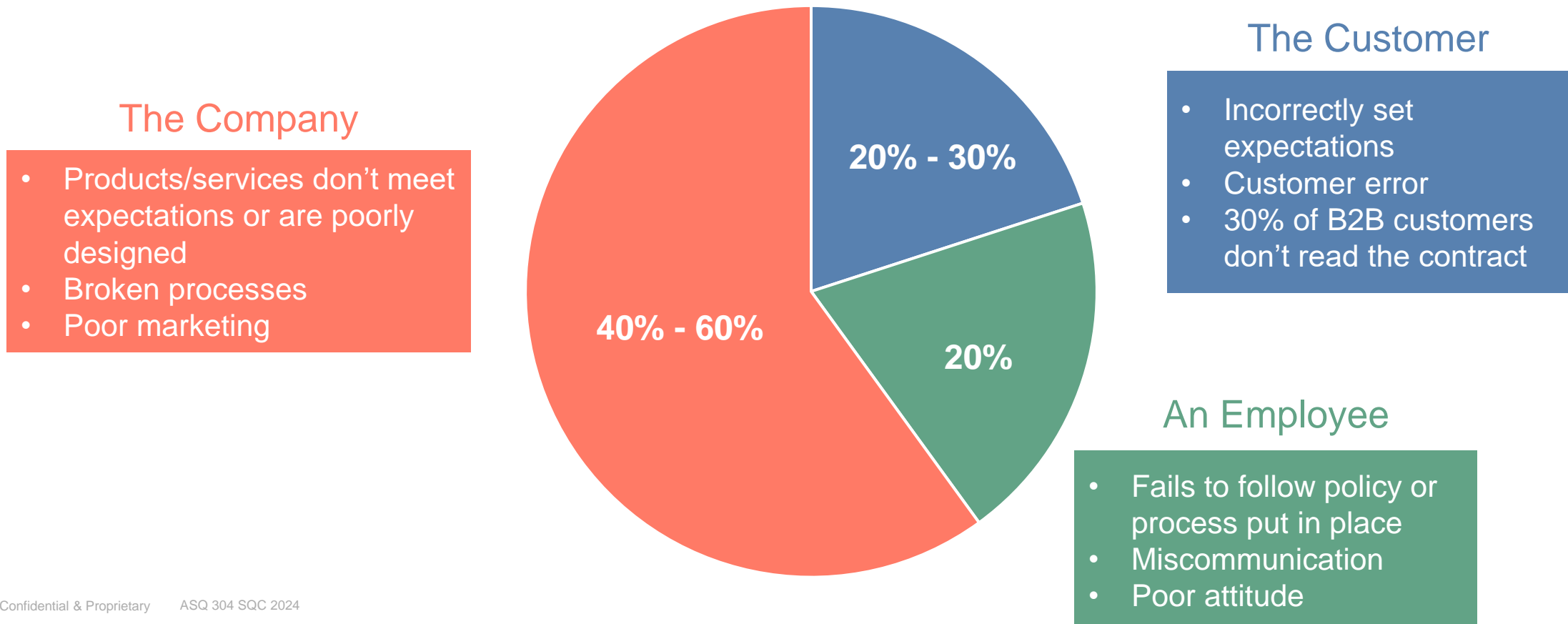
## Ratio of Complaints/Problems

- 1:5 – 1:100 for B2C
- 1:3 – 1:20 for B2B



# Not All Problems Are Created Equally (And Not All Problems Are Actually Problems!)

## Causes Of Customer Dissatisfaction



# Preventing Problems On Day 1 Through Onboarding & Customer Education

## 6 Steps For Onboarding Best Practices

- Segment/flag customers, ideally with personas
- Motivate to get educated – scare, bribe, challenge
- Provide basic **education** via multiple channels
- Guide to self-service
- Provide advanced **education** on features
- Evaluation of which **education** worked and its impact



“You gonna eat that?”

Unlike some subway systems (which will remain nameless), you don’t see rats the size of house cats roaming Metro. Why not? Because we’re so strict about eating and drinking in the system. So help us keep the critters away. Please don’t eat or drink on Metro.



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# Leveraging The Contact Handling Experience To Create “Delight” & Maximizing CX Satisfaction & Loyalty

Issue Experience	Contacting For Resolution	Satisfaction With Contact Handling	Very Satisfied With Company	NPS	Word Of Mouth
No Issue (28%)			65%	48.1	--
Had An Issue (72%)	Contacted (86%)	Expectations Exceeded (4%)	92%	69.2	3.1
		Completely Satisfied (14%)	50%	51.1	2.7
		Mollified (49%)	18%	-21.2	4.3
		Dissatisfied (33%)	10%	-53.3	5.5
	Did Not Contact (14%)	24%	-33.3	4.2	

Data From A B2B SAAS Vendor

## How Quality Can Contribute To Delight

- Job description with empowerment to act and delight
- Guide for top 5 delighters and top difficult situations – flexible solution spaces\*
- Celebration and reinforcement of risk-taking – 3rd party checks
- Measurement, evaluation, recognition and celebration\*\* - victory sessions
- Promotion and career development – Hershey disruptors

\* See Chapter 10 of Strategic Customer Service

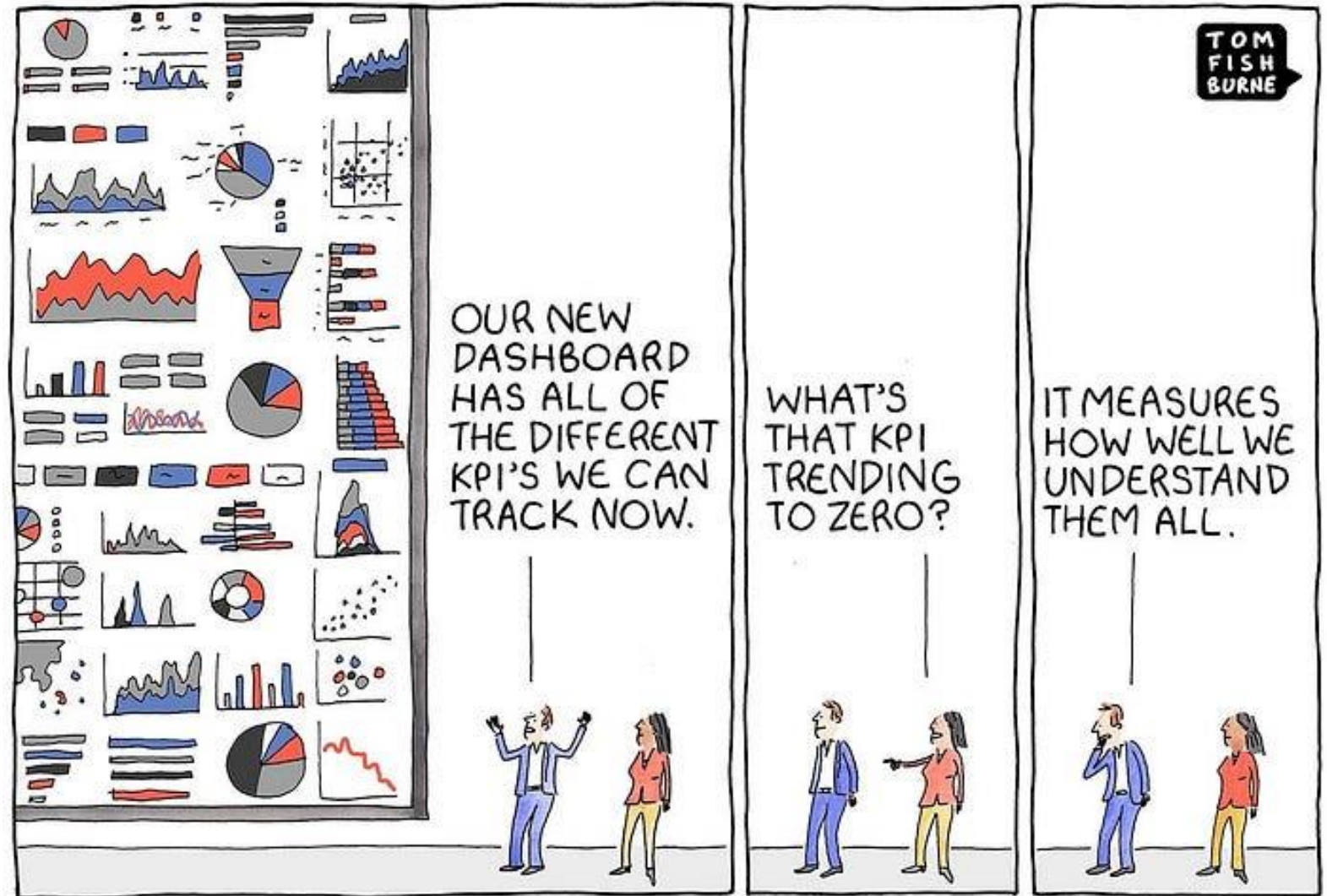
\*\* See Paul Zak, The Neuroscience of Trust, HBR, 1/17





# Data Overload: A Cautionary Tale

A truly 'holistic' view of the customer experience can be overwhelming, having a deliberate and structured approach will help ensure you don't fall victim to the dreaded "analysis paralysis"



# Setting Up For Success By Defining “Quality”

## How Is ‘Quality’ Defined By...

### The Customer

- Products or services that work and meet expectations
- On time delivery
- Responsiveness to questions or complaints
- Receiving good value for the price paid
- Recognition for loyalty

### The Company

- Profitability
- Customer retention
- Brand recognition and reputation
- Competitive positioning in the marketplace
- Growth
- **Employee & customer satisfaction**

### An Employee

- Turnover in staffing - *especially in customer service facing roles*
- Being able to contribute to the ‘solution’ rather than being part of the ‘problem’
- Empowerment from leadership
- Feeling valued



# A Multi-Dimensional Data Approach Will Give You The Richest View Of CX Quality

## Customer Information

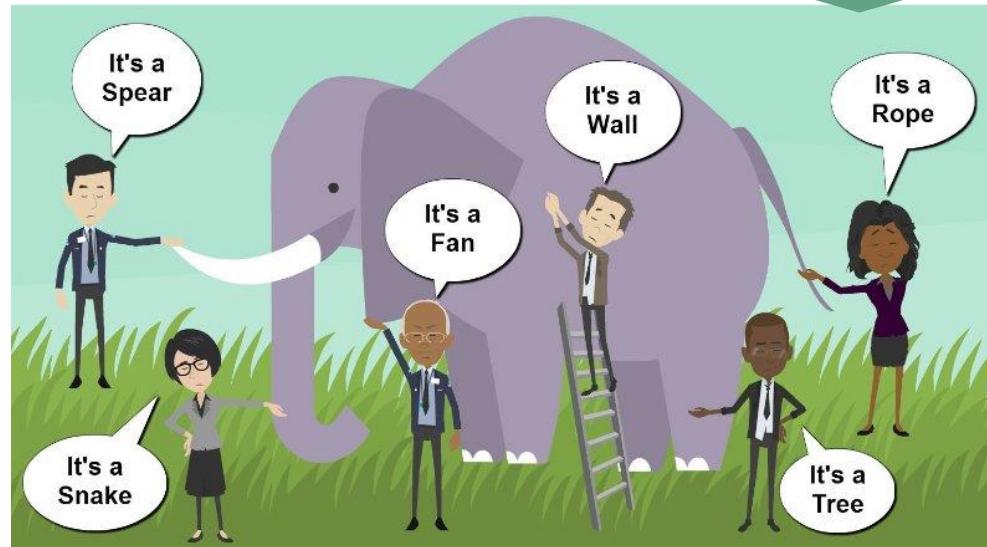
- Purchasing behavior
- Demographics

## Internal Process Metrics

- Average hold time
- Types of issues reported

## Employee Data

- Points of pain surveys
- Engagement surveys



## Ongoing 'Triggered' Data

- Post-contact surveys
- Onboarding surveys

## Qualitative Data

- Focus groups
- 1 to 1 interviews

## Longitudinal Data

- Baseline/satisfaction surveys
- Branding/marketing surveys



# Certifying You Have 'Quality' Data For Interpretation



Is There Enough Data?

*Ensure the margin of error falls within statistically significant bounds*



Is The Data Representative?

*Confirm that the population of respondents/data 'looks' like the broader population*



Is The Data Current?

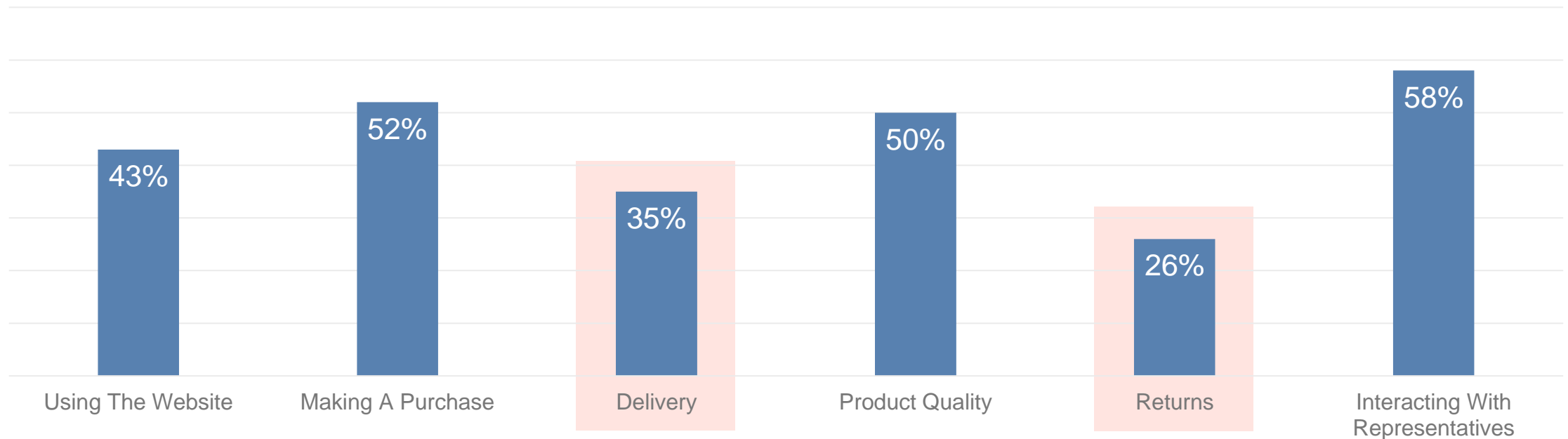
*When significant changes take place, re-measurement is often needed*



# Using *Satisfaction* Data To Understand Opportunities For Improving Quality

Areas with low, or below-average satisfaction are highlighted as areas of opportunity

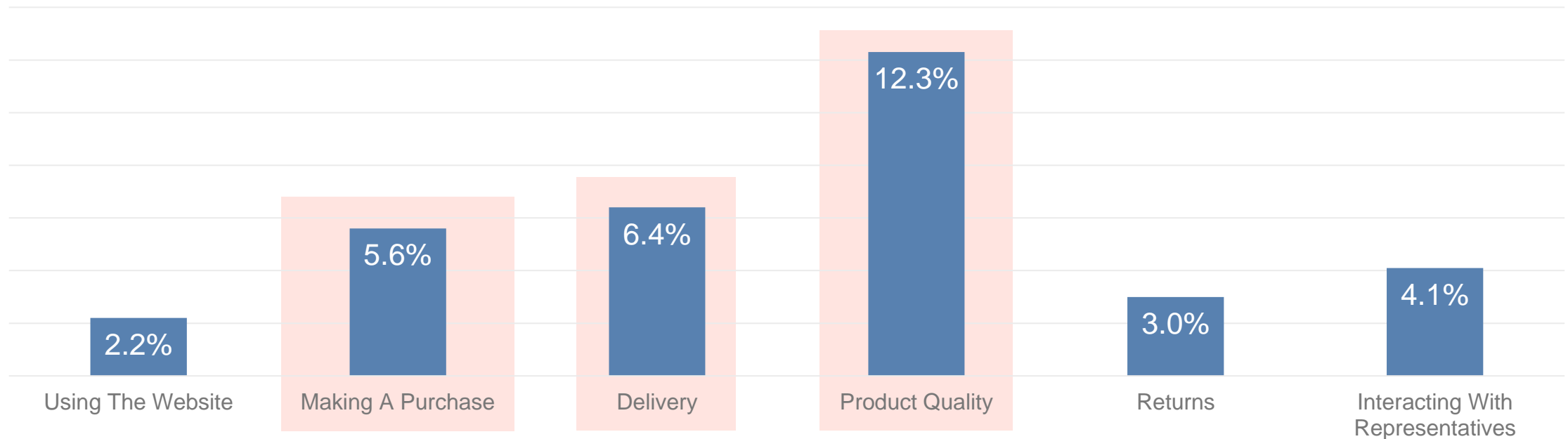
Average Customer Satisfaction



# Using *Issue & Damage* Data To Understand Opportunities For Improving Quality

Areas with high, or above-average market damage due to issue experience are highlighted as areas of opportunity

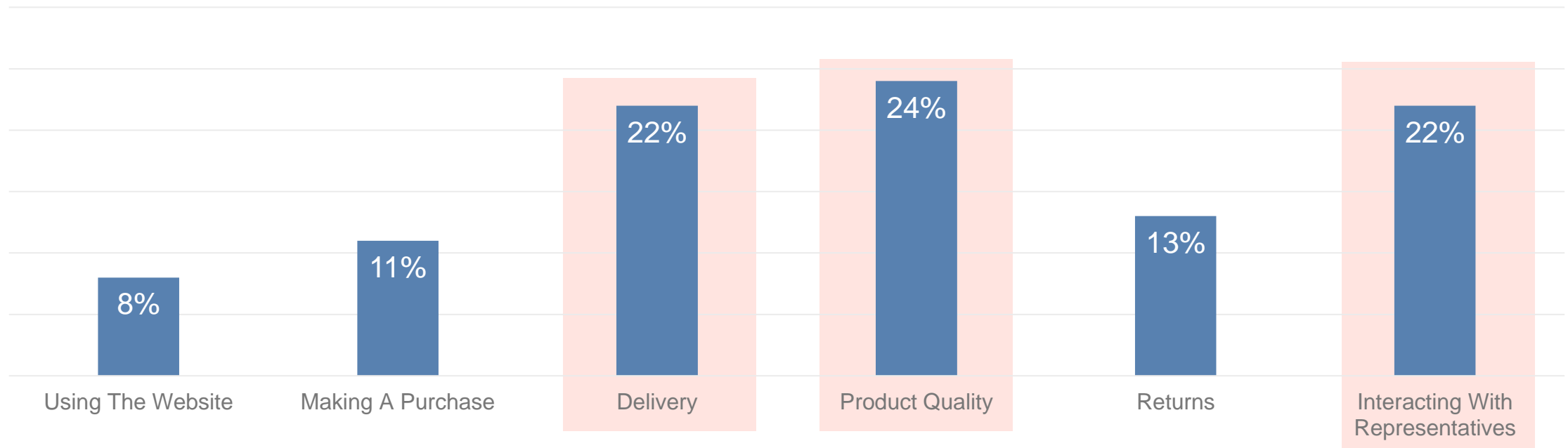
Market Damage Due To Issue Experience\*



# Using *Key Driver* Data To Understand Opportunities For Improving Quality

Areas with high, or above-average impact are highlighted as areas of opportunity

Impact On Overall Satisfaction\*



# Combining Multiple Data Views For Prioritizing Strengths & Opportunities For The CX

	Average Customer Satisfaction	Market Damage	Impact On Overall Satisfaction	
Using The Website				Secondary Strength
Making A Purchase		High Source		Marginal Opportunity
<b>Delivery</b>	<b>Low</b>	<b>High Source</b>	<b>Key Driver</b>	Primary Opportunity
Product Quality		High Source	Key Driver	Secondary Opportunity
Returns	Low			Marginal Opportunity
<b>Interacting With Representatives</b>			<b>Key Driver</b>	Primary Strength





# If All Else Fails, Let The Money Do The Talking



Half of customer attrition is due to problems

Get the CFO on your side

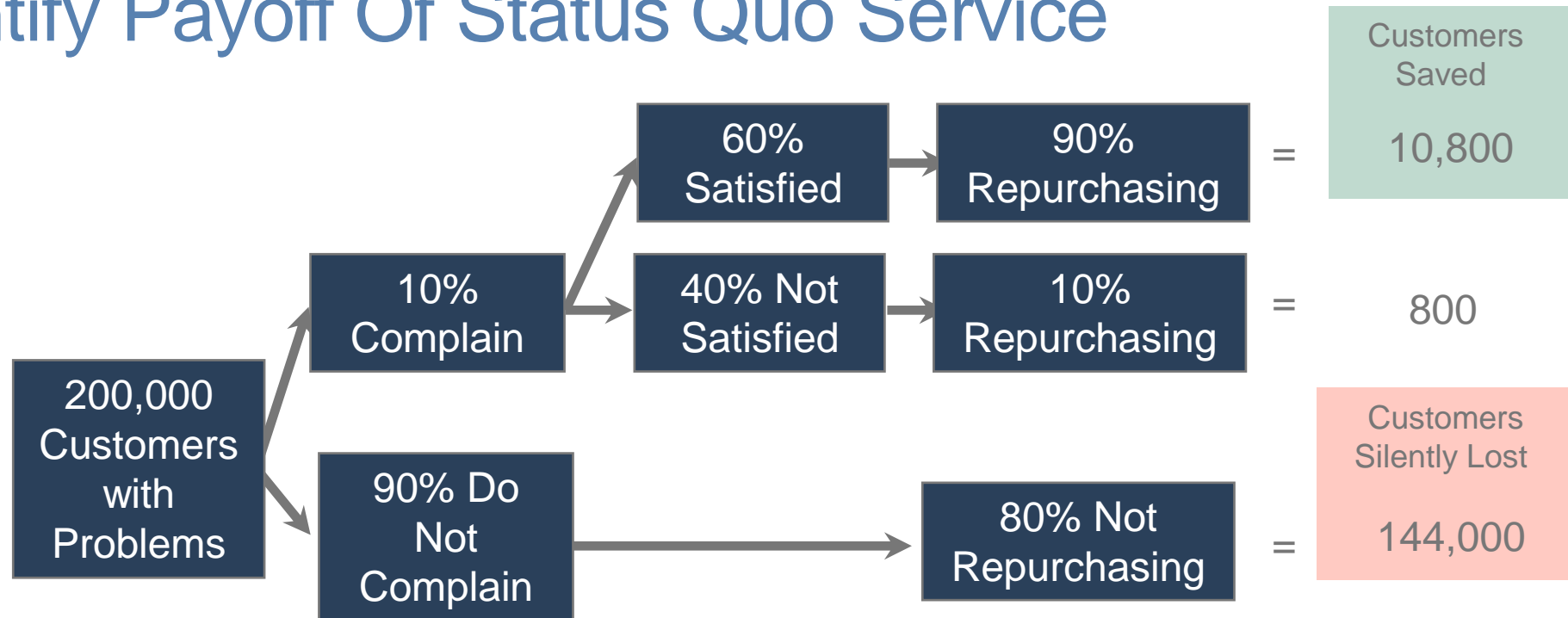
CFO buy-in of a CX/VOC business case increases the impact of the Quality Initiatives/VOC

- By twice the impact on yearly satisfaction increase
- By five times in terms of getting issues fixed

Revenue and margin implications are 10-20X cost implications



# Quantify Payoff Of Status Quo Service



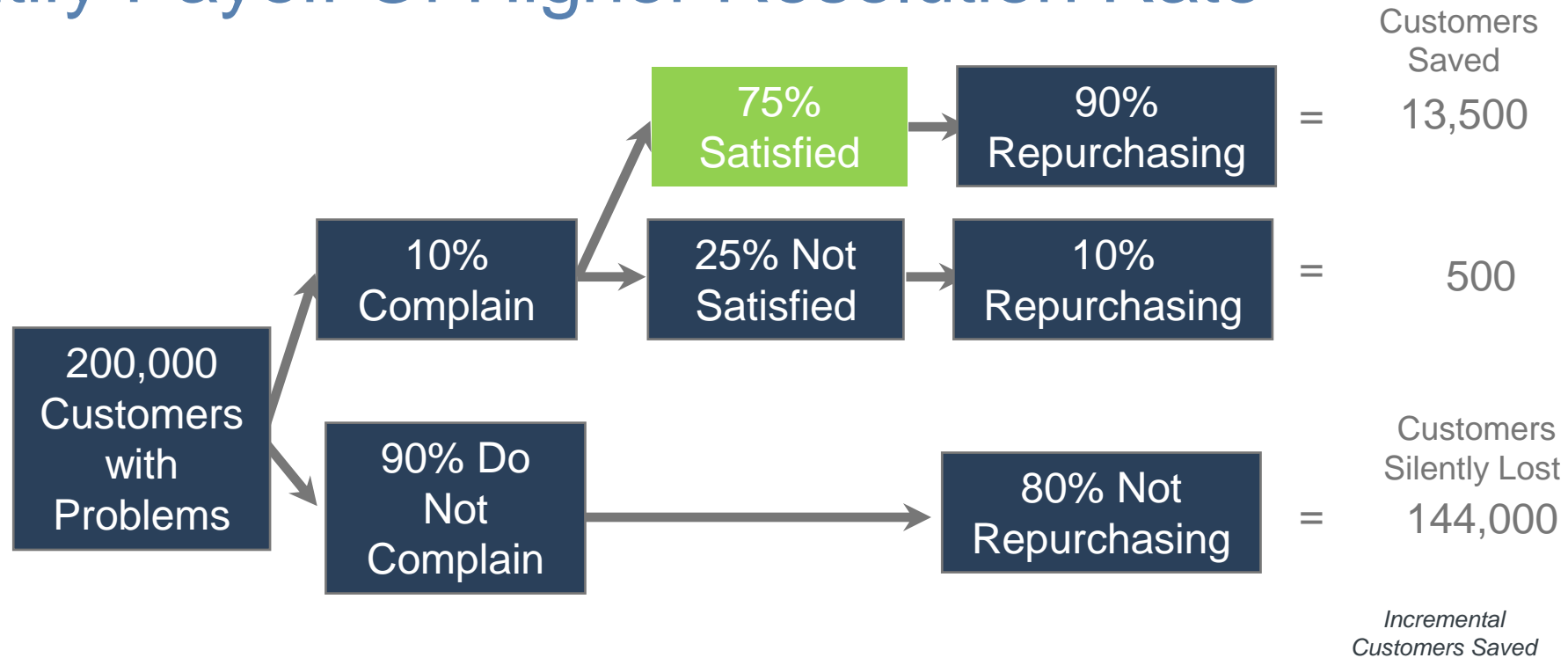
Total Customers Saved by CA  $11,600 - 4,000$  *even if not complain* = **7,600 + WOM Impact** Net Incremental Customers Saved

At \$300 per customer, \$2,280,000 recovered or \$648,000 30% gross margin

Cost of handling 20,000 contacts @ \$25/contact = \$500,000 - **ROI = 648,000/500,000 = 37%**

**BUT! – still leaving 144,000 X \$300 = \$43 million on the table**

# Quantify Payoff Of Higher Resolution Rate



Total Incremental Customers Recovered by CA  $14,000 - 4,000 = 10,000$

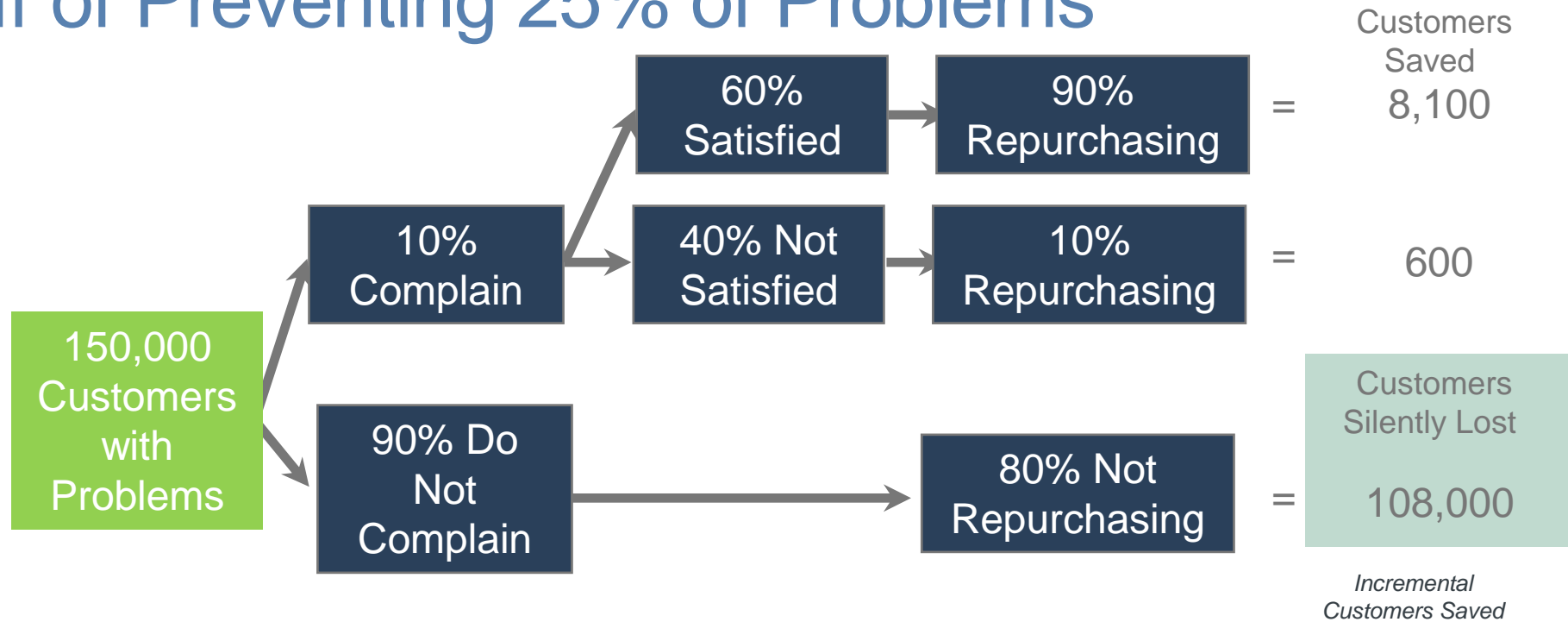
At \$300 per customer, \$3,000,000 recovered or \$900,000 30% gross margin

Cost of handling 20,000 contacts @ \$28/contact = \$560,000 - **ROI = 900,000/560,000 = 61% ROI**

**BUT! – still leaving 144,000 X \$300 = \$43 million on the table**



# Payoff of Preventing 25% of Problems



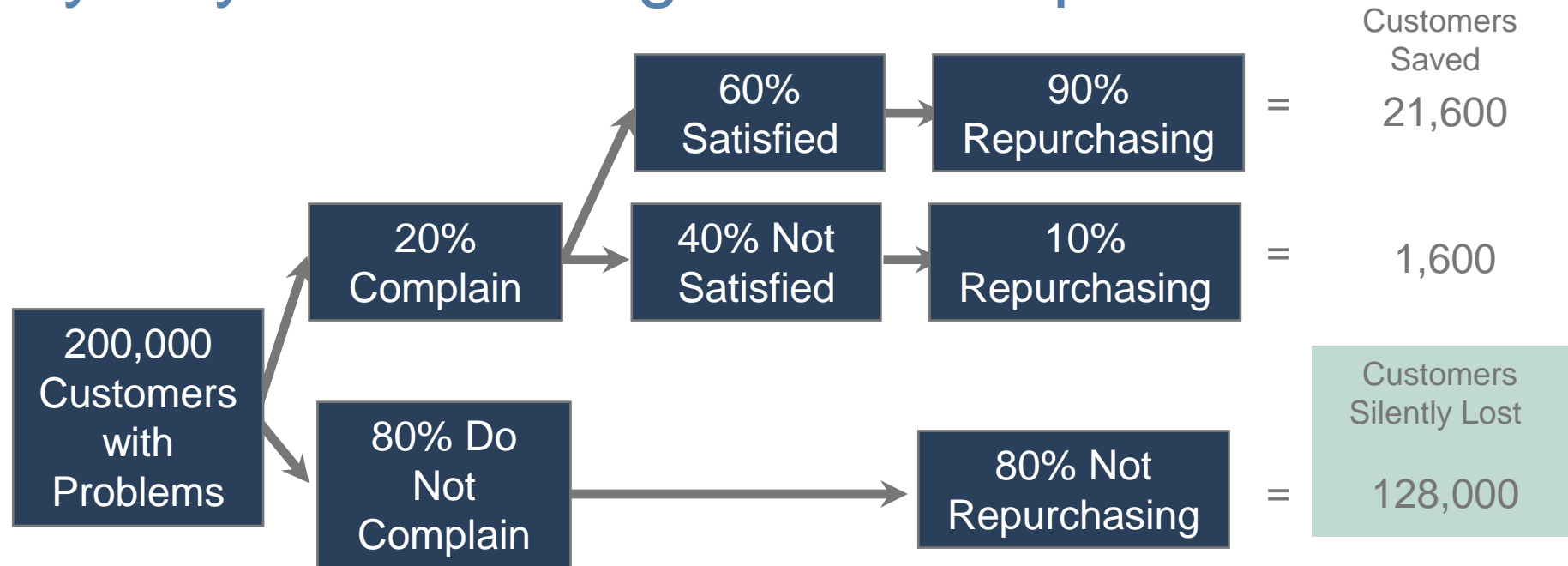
Total Customers Recovered by CA  $8,700 - 3,000 = 5,700$

At \$300 per customer, \$1,710,000 recovered or \$513,000 30% gross margin

Cost of handling 15,000 contacts @ \$25/contact = \$375,000 **ROI = 513,000/375,000 = 37%**

BUT! – by spending \$500,000 on reducing problems, reduce silent lost customer from 144,000 to 108,000 or save  $36,000 \times \$300 = \$10.8 \text{ MM}$  in revenue or \$3.24MM gross revenue for **ROI of 650%**

# Quantify Payoff of Getting More Complaints



Total Customers Recovered by CA  $23,200 - 8,000 = 15,200$  *Incremental Customers Saved*

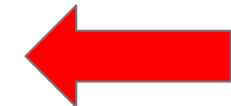
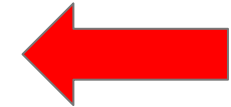
At \$300 per customer, \$4,560,000 recovered or \$1,368,000 30% gross margin

Cost of handling 40,000 contacts @ \$25/contact = \$1,000,000  $ROI = 1,368,000 / 1,000,000 = 37\%$

**BUT! – still leaving 128,000 X \$300 = \$38.4 million on the table**

# Set Priorities And Select Projects Based On Revenue Damage & Customers At Risk - B2B Technology

<b>Overall % w/ problem (45%)</b>	<b>% Problem<sup>1</sup></b>	<b>% Won't recommend<sup>2</sup></b>	<b>% Customers potentially lost</b>
Meeting promised delivery dates	27	10.5	1.3
Product availability within desired time frame	23	0.0	0.0
Meeting commitments/follow through	21	30.0	2.8
Equipment/system fixed right first time	20	22.2	2.0
Adequate post-sale communications	19	10.0	0.9
Returning calls	16	33.3	2.4
<b>Minimum customers at risk</b>			<b>9.4%</b>



# Thank You!



## Questions & Complaints?

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