

Effective management of customer complaints

**2nd FICCI Quality Systems Excellence Awards for Manufacturing
& Conference on 'Sustainable Manufacturing Growth through Quality Systems'**

**New Delhi
16.05.2013**



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Customer Service

A customer is the most important visitor on our premises.

- ✓ He is not an interruption of our work. He is the purpose of it.
- ✓ He is not dependent on us. We are dependent on him.
- ✓ He is not an outsider of our business. He is part of it.
- ✓ We are not doing him a favour by serving him. He is doing us a favour by giving us the opportunity to do so.

- Mahatma Gandhi



Customer Service

- ❖ Customers expect a company's customer service department to resolve their issues.
- ❖ A company with excellent customer service is more likely to get repeat business from customers leading to greater sales and profits.
- ❖ Customer service is also important to an organization because it can help differentiate a company from its competitors.



Importance of customer complaints management

“Getting complaints management right is important for the health of any business”

- ❖ 59% of multi-channel customers will stop doing business after a single bad experience - *Strativity Group Experience Management Global Survey*
- ❖ 55% of consumers would pay extra to guarantee better service - *Strategix/TNS*
- ❖ A 5% increase in customer retention can increase profits anywhere from 25-95% - *Bain & Company*



Why Customers Complain?

- Confidence & trust in suppliers capability to address the issue
- Suppliers have performed below their capability & resources unintentionally
- Emotional bond between the supplier & the customers

The customer wants:

- a user friendly complaint handling system
- to be heard and understood
- to be respected
- an explanation
- an apology
- action as soon as possible

The organization needs:

- a user friendly system for accepting feedback
- clear delegations & procedures for staff to deal with complaints and provide remedies
- a recording system to capture complaint data
- to use complaint data to identify problems and trends
- to improve service delivery in identified areas

Types of complaints and effective responses



The Aggressive Customer

- Readily complains, often loudly and at length.
- Your response: Listen completely



The High-Roller Customer

- Expects the absolute best and is willing to pay for it. Likely to complain in a reasonable manner.
- Your Response: Always listen respectfully and actively question to fully determine cause.



The Meek Customer

- Generally, will not complain. Most dangerous to businesses because they will most often complain to others.
- Your Response: Must work hard at soliciting comments and complaints to act appropriately to correct those problems.

Types of complaints and effective responses

The Rip-Off Customer



- Their goal is not to get the complaint satisfied but to win by getting something that is not entitled to be received. Often replies with a repetitive “not good enough” response.
- Your Response: Remain objective. Use accurate data to back up your response. Be sure the adjustment is within the range of what the organization would normally do.

The Chronic Complainer



- Never satisfied, feels there is always something wrong.
- Your Response: Extreme patience is required. Listen carefully and never get angry. It is best to give sympathy, a sincere apology, and a promise to correct the situation.

Process overview of complaints handling

1. Receive & classify

- Ensure that all potential issues are captured by the organisation, and classified for escalation, review and action as required.

2. Acknowledge

- Ensure that every complaint receives a formal written acknowledgement, containing an expectation of when they will receive a response, and the person dealing with it.

3. Investigate

- Follow up all aspects of the complaint, both internal and external, to ensure that the key facts are identified and clarified.

Process overview of complaints handling

4. Resolve & Confirm

- Ensure that the final resolution is clear and fair. Also confirm the proposed action and resolution with another senior person.

5. Respond to Customer

- Provide the customer with the resolution within the timescales promised.

6. Follow up

- Ensure that complaints are followed up to confirm that customers are satisfied with the response given.

7. QA & Close

- Ensure that the organisation as a whole is aware of complaints and any underlying issues. Plan actions to remove these and prevent future recurrence.

Suggestions for effective complaints management

| | Positive attitude | Negative attitude |
|----------------------------|---|-------------------------------------|
| A complaint is | An opportunity | A problem |
| Receiving complaints | a chance to retain dissatisfied customers. | is a painful and awkward Situation. |
| Above all, a complainant | gives important information. | wants compensation. |
| Employees are | open to complaints. | defensive about complaints. |
| Employees tend to | recognize the needs of dissatisfied customers. | shift blame elsewhere. |
| Complaints are resolved | with a systematic process linked to a continuous improvement process. | with problem solving techniques. |
| When a complaint is closed | something should be improved. | someone will likely be Punished. |
| Complaints | are encouraged and welcomed for continual improvement | must be stopped. |

Elements of best practices in complaint management

| ISO 9000 quality management principle to properly apply the quality management principle to complaint handling | |
|--|--|
| <i>Customer focus</i> | Focus complaint handling on customers' /complainants' needs and requirements. |
| <i>Leadership</i> | Ensure leaders' commitment to effective and efficient complaint handling. |
| <i>Involvement of people</i> | Train employees to work with customers/complainants, and motivate them to improve their skills. |
| <i>Process approach</i> | Manage complaint handling as a process. |
| <i>System approach to management</i> | Identify how the complaint handling process interacts with other business processes in your management system. |
| <i>Continual improvement</i> | Continually improve the effectiveness and efficiency of the complaint handling process. |
| <i>Factual approach to decision making</i> | Analyze complaint handling information and data to make decisions for improvements. |

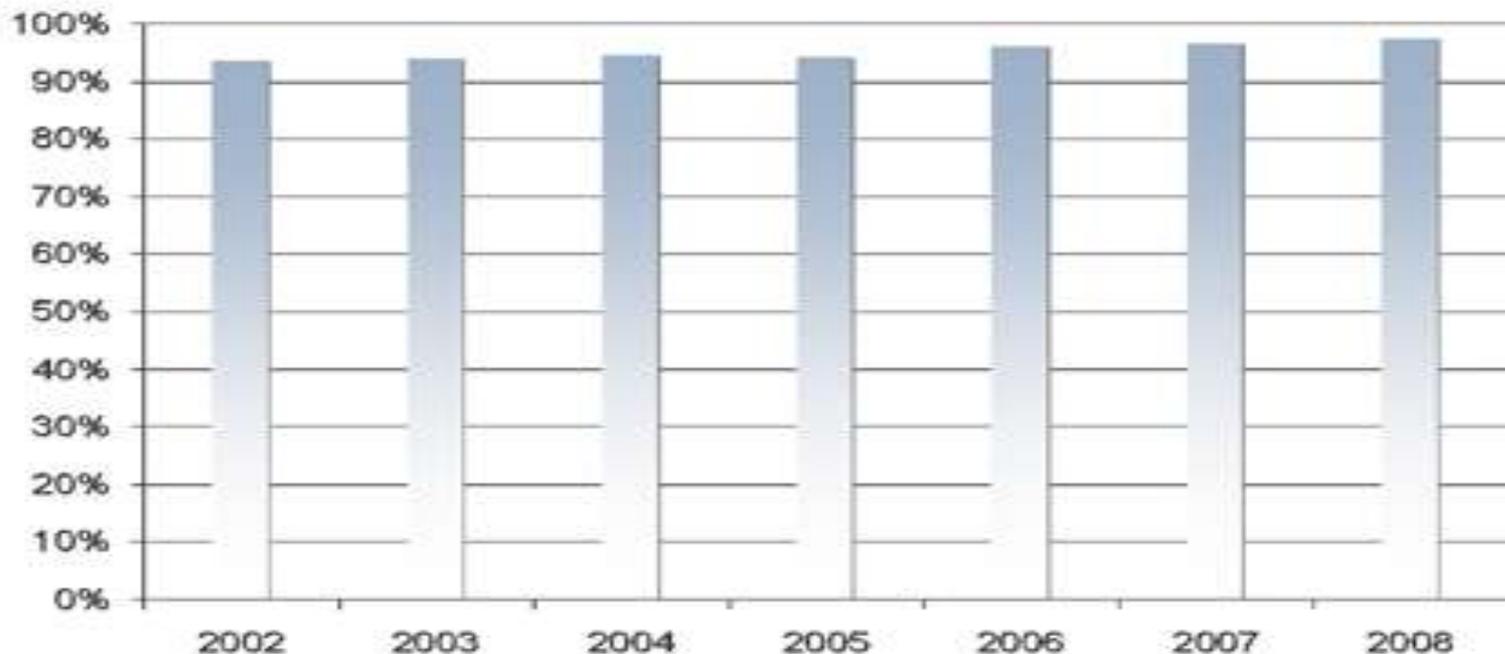
Customer relations management at ArcelorMittal, Gent

- At ArcelorMittal Gent, the customer relations department is the link between the plant, the commercial organisation and the customer. With open communication, it translates customer requirements into product specifications. Customer relations aims for a higher level of service provision in the various market segments, by ensuring:
 - direct customer contact,
 - reliable and shorter delivery deadlines,
 - just in time deliveries when required.
- Grouped in the customer relations department are all positions required to convert customer requirements into quality instructions, production instructions, and schedules for production. The customer relations team is responsible for the administrative follow-up and handling of complaints.

Customer relations management at ArcelorMittal Gent

- % of “first choice material”, i.e. material that fully meets customer demands, of the total shipment volume of ArcelorMittal Gent reflects the quality delivered.

Evolution in first choice material



CCMS at Tata Steel

- TATA steel uses CCMS which is a web-based complaint management system for effective handling of complaints and addressing queries.
- The main objective of coming up with the CCMS concept is to build a company wide documented learning process from the various complaints and their resolution process. There is a little bit of learning in every imperfection; and CCMS is the effort to capture these learning's from the customer related imperfections in both product and services and maintaining them as a knowledge repository for the company wide sharing.



Objective : *Turn Customer Complaints into Productive Communication*

- In large production units such as JSPL, complaints are bound to happen as production process in steel is very fast and becomes difficult to inspect 100% of the material at production stage.
- In order to minimize the customer complaints after sales, technical parameters are mutually agreed and Technical Delivery Conditions (TDC) are formulated at enquiry stage.
- Sales Order is booked on the basis of TDC and production and inspection of material is based on TDC.
- Actual values of inspected material are mentioned in the test certificate (TC) which conforms to TDC.
- On receipt of material by customer, there is a physical check of material with reference to TDC/TC and if there is any variation observed by customer, complaints are made.

Complaint management procedure at JSPL



- Receive and confirm
 - Customer will report the nature of complaint via email, phone or by post to the Original Booking branch Sales office.
 - Branch office will ensure that the complaint is registered as per company designed format giving the particulars of the complaint either filled by customer or Branch Marketing Personnel on same day.
 - Nature of complaints can be categorized as follows:
 - ✓ Commercial Complaint – Weight shortage, documentation discrepancy
 - ✓ Technical complaint/Quality complaint- Surface defects, Dimensional variation, Non visual defects (Chemical composition and mechanical properties variation).

Complaint management procedure at JSPL



- Branch office will scrutinize the complaint and following procedure will be adopted for inspection of material :
- Inspection of material would be carried out by Branch Executive identified by Regional Manager in consultation with Head (Product Application Group) for quantity under complaint up to 50 MT. For quantity above 50 MT , inspection would be carried out as per table given below :

Complaint management procedure at JSPL

Responsibility and Authority Matrix

| S. No. | Quantity, MT | Responsibility for inspection of complaint material | Authority for Approval |
|---------------|---------------------|---|--|
| 1 | Up to 50 | Regional Marketing Executive | Regional Manager |
| 2 | 51-100 | Regional Marketing Executive + Product application group personnel (PAG) | Head PAG |
| 3 | 101-200 | Regional Manager + Head PAG (PAG) | Head PAG |
| 4 | 201-500 | Regional Manager + Head PAG (PAG) | Director Marketing |
| 5 | >500 | + Regional Marketing Executive + Product application group personnel (PAG) | Head QC + Director Marketing + Finance (for settlement) |

Complaint management procedure at JSPL



Complaints settlement process:

- Based on mutually agreed terms and conditions, branch marketing personnel/Inspecting Officer will issue an MOM (signed by customer and Branch marketing person) comprising of nature of defect, settlement conditions agreed:
- If the complaint is not accepted after scrutinizing by the branch marketing personnel, he may formally issue a complaint closure letter mentioning the reason for rejection and intimate the same to customer within 3 days after receipt of complaint. This would be treated as feedback.
- If the complaint is accepted and material is to be taken back, settlement would be done as per procedure mentioned above. Branch marketing personnel will then issue a complaint closure letter mentioning the financial implications, quantity accepted and nature of defect.

Complaints settlement process

- For complaint closure, plant and QC team will generate Corrective action & Preventive Action (CAPA) to prevent reoccurrence of the defect and may send the analyzed report on effectiveness of CAPA after implementation if necessary.
- If the complaint is accepted and customer agrees to consume the rejected material then Branch personnel will work upon the difference in prices (price already paid by the customer-price of the grade accepted by the customer) and Director (Sales & Marketing) approval would be required to issue credit note.

Conclusion

- Welcome Complaints as Opportunities
- Encourage Customers to Express Dissatisfaction
- Consider the Customer's Perspective
- Establish Documentation, Maintain Records
- Train Employees and create a system for effective management of customer complaints

Thank you

