

# progressing business

**Carbon Trading  
and Offsets**

**What Does the  
Future Hold?**

**Going Green and Reducing  
Your Electricity Costs**

**Voice of the Customer –  
More Than Feelgood Feedback**

# Voice of the Customer – More Than Feelgood Feedback

Jillian Mercer - [www.mercermanagement.com.au](http://www.mercermanagement.com.au)

*Are your customers trying to tell you what is important to them?*

- Are you listening?
- Can you hear what they are saying?

These are important questions.

If you cannot answer “yes” to each, it is possible you may be wasting precious business resources on ill-matched schemes, in your attempts to increase customer share to build profits. Businesses conduct satisfaction surveys and focus groups to find out what they want to hear from customers as opposed to what the customers want to tell them (there is a difference!). Yet, often good information is already coming into your business incidentally and incrementally on a day-to-day basis and is right under your nose. Your dollars may be better spent actioning those inputs from your customers.

So-called “satisfaction” is the second most measured business indicator after profit and loss. In my work, one of the most perplexing activities I observe, is the range of “satisfaction” surveys conducted by businesses. I find that mostly such surveys are thinly veiled marketing exercises that ask customers what the business wants to hear rather

than providing an opportunity for customers to tell them what they want to.

## **SATISFACTION**

What is this thing called, “satisfaction”?

The Oxford dictionary definition of “satisfaction” is that it is “payment of debt, fulfilment of an obligation”. Is that all you want to do for your customers, just to comply with the contract?

“Satisfaction” is a pleasant, low arousal word very rarely used by customers themselves in reality circumstances such as recounting service stories at a family BBQ! It is a theoretical construct used by business and researchers to make it easy to deal with the concepts in the complexities of measuring customer responses to the service experience with businesses.

Ask a member of your family or a friend: “when you last visited a \_\_\_\_\_ as a customer, what was your experience?”

Rarely will they say, “I went to the Doctor and I was strongly dissatisfied”, or “I was most satisfied with the work the mechanic did on my car at last week’s service”.

Why do we use language that is so removed from what customers use?

## **FEELGOOD FEEDBACK**

Feelgood feedback such as “satisfaction” response levels is nice to know because it makes employees (and especially management) feel good. However, you need to know about the nasties, such as that information loaded in complaints. It is from complaints that you hear the true voice of your customer saying what they want you to know about your services or products.

Satisfaction is a low energy emotion. Research in the area of customer emotion, such as that conducted by Dr Michael Edwardson, MD of Psychologica and current Director of Post Graduate Marketing Programs at Victoria University, shows that in a list of over 100 emotion words, people listed “satisfaction” very low in importance when thinking of service experiences.

## **REAL CUSTOMER FEELINGS**

Words used by customers to reflect their emotions during service transaction are very strong and indicate high arousal. In Edwardson’s work, of the list of 66 negative words, customers reported experiencing “anger,

frustration, disappointment, irritation, impatience, annoyance". Further, the research showed that negative emotion was the most accurate indicator of future buyer intention, rather than positive emotion, or passive ones like "satisfaction". Future buyer intention is a "loyalty" indicator.

Of the 50 positive emotions to choose from, customers reported "trust, happiness, delight, and excitement" as emotions experienced during service transactions.

Interestingly, disappointment and satisfaction were reported by about 10% of the research respondents each. However, subsequent research conducted on behalf of the Society of Consumer Affairs (SOCAP) found that disappointment is like a cancer to customer loyalty.

Disappointed customers are passive, just like the satisfied ones. However, when disappointed, they moved away from the business and are more likely never to return to that business, nor to tell the business that they were ending the relationship! Business continues to measure satisfaction but not disappointment?

### PARADIGM PARALYSIS

If the whole Business World is suffering paradigm paralysis in relation to this phenomenon called surveying "satisfaction", what can you do that is different?

- Do you know how many people are disappointed with your service or products?
- Have you ever thought to ask them this question?

Ask your frontline staff to ask every tenth (or third) customer, "Have you ever been disappointed in anything we have done for you/our products?". The answer may surprise, and horrify you!

This does not mean that you should go out and measure negative emotions of your customers. However, there are many and different methods for gaining real actionable input from your customers; that is, feedback that gives you information from which you can make decisions to act upon to make changes to how you conduct aspects of your business. You find out what they want to tell you.

### GAINING ACTIONABLE INPUT FROM YOUR CUSTOMERS

Actionable input is that information collected from customers that can be used to make specific changes in the way your business serves your customers. It tells you what to stop doing; what to continue to do; and, what to change about what you are doing.

Surveys and other methods which seek to measure the success of marketing and advertising campaigns are not designed for hearing the voice of your customer. They simply measure whether or not the advertising/marketing campaign was successful or not. I am constantly bombarded in my Master Class programs with questions from delegates about what steps they can take to stop executive and managers hijacking surveys and littering them with marketing questions. If you wish to do both, do so; but, keep them separate.

By way of illustration of this wasteful practice: a male friend showed me the "Customer Feedback" form in a brand of hair dye specifically targeted for men that he had purchased. The general gist of the spiel was that the, "customers' views were important to the company; they valued feedback and wanted to use the information to improve products". The questions then proceeded to ask "where the customer heard of the brand; would they recommend it to others; whether they took grooming advice from friends, family, media and etc.?" There was no opportunity for the customer to tell the company if the product irritated their skin, if the instructions were clear", and etc. It was a marketing survey only: completely contrary to the assertions in the welcome statement at the beginning of the survey. This really irritates customers because it is a lie.

And, companies wonder why survey response rates are so low... .

### WHY VOICE OF THE CUSTOMER (VOC)?

"Voice of the Customer" comes from LEAN and Six Sigma disciplines. These frameworks of business improvement management, are statistically-driven and very precise and make it very obvious that "satisfaction" is a woolly word that has no place in an arena that is so dependent on facts and data. The approach busts open the

paradigms held about customer feedback. It is patently clear that the so-called measures of satisfaction are not at all precise. They really do not give information upon which a business can base its decisions for change and improvement. The notion of Voice of the Customer is thus born.

A loose definition of "Voice of the Customer" is that it is the process used to capture the requirements/feedback from a customer (internal or external); designed to provide the customers with the best service and product quality; and, it is a proactive and innovative process to capture changing requirements of customers over time.

### THREE IMPORTANT QUESTIONS

To "measure" the voice of the customer, you must ask them exactly what their requirements of your company are for both service and products. You need to collect "actionable input".

There are only three basic questions, the answers to which, you need from your customers. They are:

- What are we doing badly (basis for ceasing or changing a practice/product)?
- What are we doing well (feelgood feedback)? and,
- What do we need to do differently/improve?

These three questions give you the negative through to positive indicators on any Likert scale you may use (do badly through to do well). Of course, you may vary the sophistication level used to gain the answers, but they are the fundamental questions for gathering important business intelligence from your customers.

### INDIRECTLY HEARING THE CUSTOMER

A realtor friend of mine tells me the most important information that he had ever heard was from industry customers that helped him in his long and esteemed career. It was that 100 % of the time he gives ongoing feedback to his customers about progress (or even lack of it) in the process of selling their properties. He didn't do this when he first started out. He copied other experienced realtors in the industry. He would take a listing and never contact the vendor again until he had an offer to present on the property.

His revelation occurred one day when socialising with friends. He heard yet again, that vendors hated not hearing about progress. They hated not receiving follow-up even if it was “nothing-to-report” follow-up. He realised that if he did this simple action, his customers might be happier about the service he provided.

After 25 years in the business, this realtor delivers 80% of his work in response to word-of-mouth referrals. This is the most powerful and least expensive advertising there is. He doesn't advertise, nor does he do letter drops or any of those usual realtor advertising and marketing practices. His customer-harvesting costs are practically nil.

What this story illustrates is that there is often voice-of-our customer information staring us in the face - and we just have to recognise it and hear it. This is the impetus that Virgin boss Richard Branson uses to decide to move into a given market. He watches an industry, observes what the customers are complaining about, designs a business model to remove the problems and then builds and delivers the service. Simple.

### VOC COMING TO A PHARMACY NEAR YOU...

At the School of Population Health at the University of WA, research is being conducted into medication safety and chronic illness in seniors over 65 years of age. Anne McKenzie, the School's Consumer Advocate was interviewed on the ABCs Health Report in August. Her role is specifically to increase the capacity of researchers to hear the voice of health consumers (the customers) at early stages of research so that research efforts are better matched to the actual requirements of health service users. She conducts forums for seniors to hear what they want to say. They report the problem of pharmacists labelling drugs “use as directed by the Doctor”. This creates multiple problems of confusion about what the directions were, and also simply remembering the consumption regime for drugs. There are life and death implications for this practice. It is important to establish the root cause/s of this fault line in drug dispensing, the protocols need to be changed, improved and error-proofed.

By hearing the voice of their customers coming to them indirectly, the health industry has a fantastic opportunity to make changes that can positively impact the capacity of our seniors to better manage their own health.

### WHO KNOWS?

The first step is to find out from your business intelligence sources what your customers are saying. For example, ask your front line staff about what the customer's whinge about, or go on-and-on about? Then go into your complaints data files and see if the same issues are there. They will be a rich source of information about where the customers are reporting your product and service failures (what you are doing badly and need to change). This is the information that you can use to make decisions about your business.

There are many alternative channels for hearing the voice of your customer - even if they are not standing at a counter in front of you with their wallet poised. You just need to be alert to them, and then to hear what they are saying.

### REFERENCE

Edwardson's work can be accessed at <http://www.psychologica.com/publications.html>

### THE AUTHOR

Jillian Mercer is a consultant specialising in customer focus. She conducts challenging, paradigm-busting sessions on how to gain actionable input from your customers throughout the Asia-Pacific region.

Jillian's Nine Rules of Great Service are detailed in *May I Help You?* published by Allen and Unwin and available at: [http://www.amazon.com/May-Help-You-Customer-Business/dp/1865088587/ref=sr\\_1\\_1?ie=UTF8&s=books&qid=1219643041&sr=8-1](http://www.amazon.com/May-Help-You-Customer-Business/dp/1865088587/ref=sr_1_1?ie=UTF8&s=books&qid=1219643041&sr=8-1).

More information request *Mercer 0205* to [progbus@pbinsitute.net](mailto:progbus@pbinsitute.net)

# Minimum Employment Conditions

[www.business.gov.au](http://www.business.gov.au)

*From 1 January 2010, there will be changes to minimum employment conditions.*

A new set of awards are being introduced to streamline and simplify thousands of industry and occupation based awards. Ten National Employment Standards will also be established, covering the following essential employment conditions:

- maximum weekly hours of work
- the right to request flexible working arrangements
- parental leave and related entitlements
- annual leave
- personal/carer's leave and compassionate leave
- community service leave
- long service leave
- public holidays
- notice of termination and redundancy pay
- provision of a Fair Work Information Statement, which will detail the rights and entitlements of employees under the new system and how to seek advice and assistance. order to create an enterprise agreement.

## BRISBANE'S LEADING PROVIDER OF OUTSOURCED TRAINING FACILITIES

[www.cliftons.com](http://www.cliftons.com)



- Computer Training Facilities
- Conference/Seminar Facilities
- Video Conferencing Facilities
- Facility Management

### STOP PRESS: CLIFTONS BRISBANE HAS EXPANDED!

- 10 fully equipped training / conference rooms
- All rooms with natural lighting
- Breath taking views of Brisbane city, river and lush hinterland areas



CONTACT CLIFTONS TODAY, ARRANGE A SITE INSPECTION AND SEE HOW CLIFTONS CAN ASSIST YOUR ORGANISATION.

“Cliftons are always willing, friendly, extremely helpful and very customer focused. Nothing is too much trouble...  
**Cliftons provide a great environment to enable learning.**”

VICKI THOMPSON, LEARNING SERVICES MANAGER, LEARNING @ BORAL

T: 1800 629 088

[enquiries@cliftons.com](mailto:enquiries@cliftons.com) | [www.cliftons.com](http://www.cliftons.com)

BRISBANE

SYDNEY

CANBERRA

MELBOURNE

ADELAIDE

PERTH

NEW ZEALAND

HONG KONG

SINGAPORE



# Continuity Forum<sup>PTY LTD</sup>

*Sharing knowledge, experience and promoting best practice in business continuity and disaster recovery planning*



We are an active network of organisations that share an interest in seeing that their business continuity and disaster recovery plans are resilient and continually reviewed.

#### Our goals:

- Provide a forum for discussion on business continuity and disaster recovery
- Educate and inform members and the business continuity community
- Encourage development and implementation of business continuity plans

#### Our members:

*A variety of blue-chip companies from:*

**Banking and Finance**  
**Government**  
**Security**  
**Transport**  
**Utilities**  
**IT and Telecommunications**  
**Manufacturing**  
**Retail**

#### Member benefits:

- Member and specialist meetings in Australia and New Zealand
- Conferences and Training
- Surveys and Benchmarking
- Resources and Member Support

## **Business Continuity Summit 2010**

**24-25 March**

**Sydney, NSW, Australia**

Visit our website [www.continuity.net.au](http://www.continuity.net.au) for more information or email [support@continuity.net.au](mailto:support@continuity.net.au) to be added to our email alert list.