

# FOUR STEPS TO HANDLING COMPLAINTS



The main lesson that I have learnt in my time in the franchising world is that the most important part of success for the enterprise is looking after the customer.

The best measure of success in a business is to count your customers, record the Customer Count (CC) daily/weekly/monthly; if you are seeing growth in CC your franchise will thrive. It is a sound business fundamental that places successful businesses in a dominant market position. Whilst many will focus on attracting new customers not enough resources are given to retaining and increasing the frequency of visitation of existing customers.

Research has shown that it costs six to seven times more to find a new customer than it does to retain an existing customer. Retailers are always focussed on their marketing budget which is primarily devoted to recruiting new customers. Insufficient resources are allocated to recognising, rewarding and retaining existing customers. Many people find it more exciting to focus on recruiting new customers than looking after the acres of diamonds you have by selling more to your existing customer base.

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## Customer Relationship Management

Customer Relationship Management (CRM) is the most important and effective marketing tool available to business owners. It is the cheapest and easiest to execute, but is often neglected or ignored by most businesses. The principle of CRM is based on the fact that the best customer you will ever get is the one you already have. A satisfied customer becomes an advocate for the brand, is brand loyal, and comes back time and time again for repeat purchases. They tell their families and friends about their experience, and word-of-mouth advertising is the most effective and strongest form of marketing. On average, people change their residence every five years, so while they are in a particular neighbourhood, they can be expected to shop locally over this period. Once a customer comes to your franchise and is satisfied, they will return time and time again, making it a habit, and part of their routine.

One of the most neglected aspects of CRM is complaint handling. If a customer comes into your business and complains, it's important to recognise that 97 per cent will have a genuine complaint, and only the remaining three per cent will be trying to cheat you. Accept those odds, and don't treat all complainants as if they are trying to scam you. It often takes a lot of courage and conviction for a customer to make a complaint. If a complaint is not handled properly, you can not only lose that customer, but also numerous future customers, due to negative word-of-mouth.

One dissatisfied customer can easily passionately tell at least ten people about their negative experience, I am sure you have experienced this situation where you tell and retell your story of appalling service

and what happened when you complained. However if mistakes are handled properly, they present an opportunity to build customer loyalty, as you are not only likely to retain the complaining customer, but they will likely become even more loyal to your brand, and become an advocate for your bakery and brand. So, make it easier for your customers to complain.

### Complaint handling

Below is a suggested simple four step way to handle customer complaints:



#### 1. Acknowledge and listen

Most people handle complaints badly because they take it personally, become defensive and make excuses. When you receive a complaint, you should make things better, not worse. The first thing a customer will want is for you to acknowledge that you have let them down, so listen to their story without interruption.

#### 2. Apologise

Put yourself in their shoes, and apologise for their inconvenience. Defuse the bomb!

#### 3. Put things right

Trust customers, and assume it is a genuine complaint. Apply a returns policy, which should be a full refund or exchange for something of similar value.

#### 4. Add something extra

Take the opportunity to make up for the fact that they have been disappointed and inconvenienced. Give them a gift certificate or additional product where possible. Turn an unhappy customer into a raving fan again.

So if franchisees want to survive in the current headwind of increased competition from online sales, price discounting, social media, and supermarkets with their advantage of convenience and price, they need to apply basic business principles of great customer service by looking after those who have made the effort of coming to their store.

Don't miss the opportunity to handle a complaint well, ensure the customer does not go away empty handed and leaves your franchise with a satisfied smile on their face.

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