
Fear of Feedback

Webinar Transcript

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3 Transcript

Ramshaw: Hello everybody, my name's Adam Ramshaw and welcome to today's webcast, "Fear of Feedback," with myself from Genroe and Adam Dorrell from Directness. Just before we begin I have a few housekeeping issues that I would like to go through. First, can you please make sure that any popup blockers that you might have are turned off. At the end of the seminar we'll have time for your questions, but you can submit questions at any time through the panel. Just type in your question and click the "submit question" button on your screen. Again, we'll answer those towards the end of the webinar this afternoon, so you'll get all those answers then.

Also, this presentation is being recorded, and will be available as an archive webcast on the Genroe website within a few days, so stay tuned for that as well.

I think now would be a good time to introduce myself and Adam Dorrell. My name is Adam Ramshaw as I've said. I'm the Director of Genroe. We're a customer loyalty management consultancy firm. And the other person here on the line with me is Adam Dorrell. Adam's a CEO of Directness. Directness are a Net Promoter Score specialist organization who specialise in software for Net Promoter Score.

One of the things we'll be talking about here today is fear of feedback, and I'll just get down to the agenda for today. Adam, maybe you'd like to go through the agenda for us.

Dorrell: Good afternoon Adam, thanks for inviting me to the webinar today. What I'd like to cover today is some of the reasons behind the fear of feedback. Let's

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find out if it actually really exists, and look at some examples of companies who we think are doing it well; setting the framework to use Net Promoter Score which is very useful to have as a measurement tool to benchmark yourself on the feedback. Then we're going to look at some good, bad, and the ugly in the way to do your comments; some ways to automate it to increase productivity, and then actually look at what we call feedback on feedback.

I'm very happy to take questions after that. If that's okay for you Adam, I'm happy to go straightaway.

Ramshaw: Sounds perfect. I'll do an introduction of Genroe, then I'll ask you to do a short introduction on Directness.

Genroe is a customer loyalty management consultancy firm, and our specialisation is helping organisations understand their customers and generating more value from those customers. We cover the full range, from initiating programs all the way through to acting. But what we'll be talking about here today and what the feedback part of the process is, is really all around this "Listen" part that sits in the middle of the process, so understanding what your customers want and gathering feedback from them. I hand across to Directness. Adam, would you like to introduce Directness for a few moments?

Dorrell: No problem Adam. We've been running CustomerGauge for four years, which was really developed to help organisations have a listening dialog with customers and measure the Net Promoter Score at the same time. I'm glad to say that we've got a very nice roster of world-class customers out there. So far this year alone we've measured over one million transactions, and as you can imagine generated quite a lot of customer feedback as a result.

My background before that, I spent many years in ecommerce, and also in the marketing and sales functions of companies like Dell and Sony. So I've had some big company experience and seen how the good and the bad sides of how companies use feedback.

3.1 Feedback - What's It All About?

Ramshaw: Why don't we move onto the topic of today's seminar, that is all around feedback and what it's all about. This is your start Adam, why don't you jump into feedback, what it's all about?

Dorrell: Feedback is probably a trendy word to use in business, but if you think about it, it's something that we have all the way through our lives.

It's the sort of thing you get from parents at an early age, how you're doing that right or you're doing that wrong. You get it at school from all sorts of informal ways, to the end of term exams. Also in sports, I don't know about you but I'm a runner and I try to benchmark myself against other runners and use feedback on my technique, and how to improve.

Especially we see these things in the HR function. If you think of 360 degree appraisals at work these things are about seeking feedback from people who are your managers, to your peers, and the people that work for you.

The key thing is what to do with it. It can be negative, it can be positive. But the gentleman called Joseph Falkman wrote about how you should use it in business for example, about how you should accept it, analyze the feedback positively, and then use that for future decision making. Whether you take it on face value or not, but actually to embed it in there.

I really see feedback is about an opportunity to improve. But it's a choice that you make as an individual or company about how to do this. I think what's interesting, I don't know if you're a golfer Adam, but if you're taught a little bit about your golf swing often you can get worse before you improve. So there's sometimes a bit of a pain associated with this.

Ramshaw: You're exactly right Adam, when you get feedback and you get the coach telling you what to do, it does take some time to get you back on track. Your swing always gets worse before it gets better, and I think that's what feedback's all about; it's really understanding how to make changes in your business.

Without that feedback, you don't know what changes to make, so feedback's what it's all about and customers are the ultimate arbiter of whether we're doing a good job on our swing, if you like, and so they're the people that can give us the best feedback. That's for certain.

3.2 So Why Fear?

Dorrell: That sets the scene about feedback. If we go to the next slide I'd like to talk about whether this is something that companies are embracing. We've called this session "The Fear of Feedback," and that really comes from our experience, working with people who were somewhat reluctant perhaps as organisations to really embrace that feedback culture. Partly it comes from bad news; no one really wants to hear the negative comments from customers because they fear that it reflects badly on them. I put down a few "excuses" people give us, as a sort of defensive posture.

- It's not my fault. It must be somebody else in the organisation.
- If we listen to customers, it's just going to cause us extra work. It takes time to fix issues.
- That's the way that we always do it. That's how we do business, there's nothing we can do to change it.
- It's just the baseline, that's what happens when you deal with customers. We always get complaints.
- I'd like to help you but I can't because of various rules that I have in the organisation to meet. This is almost like an embarrassment when someone on the frontline does that.

This is why we believe there is some reluctance for companies to actually go and ask customers for the feedback on it. There are also some other reasons behind this.

- Sometimes it can be technically or logistically difficult. For example we're dealing with a company in Europe who are finding it difficult to get the

right legal framework around asking their customers, due to privacy issues. We're working through that.

- How can you mechanise getting in touch with several hundred thousand transactions a year? That's really one of the baselines on it.
- We've all had some bad experiences with surveys, and you think that's going to be mirrored in this approach.

Ramshaw: One of the things I also hear from clients, is that they're afraid or they don't believe the customers will know what the answer is or they don't believe the customers know what the right service requirement is. I think that's a really interesting piece of feedback from my clients. The really interesting part about that is that customers are the ultimate arbiter of whether your service is right. It doesn't matter whether you think it's right or whether you think it's wrong. If customers think it's not right, then it just by definition isn't.

I think there's fear about what to do with that information. How will we be able to change, or how would we be able to make the difference in our organisation with this feedback. There certainly is, I think, a fear of getting feedback from organisations. How are we going to make a change if we get this information back? What will it mean? Will we have very negative feedback from our clients?

3.3 Who is Embracing Feedback?

Dorrell: We'll cover some of the ways that we can use that but if you go to the next slide, you can see how we think that some companies are doing a really good job of taking on feedback. Ultimately, the customers are acting like unpaid consultants to you. If you take that input and use it right, it's an incredibly useful business asset.

I guess the downside of always asking for feedback, and I don't mean to pick these companies out. There are plenty of companies out there. I get a survey every time I rent a car from Avis or Europcar. Also when I travel British Airways or stay in a Hilton Hotel. But I don't believe it's really being embraced by the organisation because I'm never acknowledged when I give feedback, and I don't necessarily feel that my contribution is valued as a consumer.

What I did want to pick out Adam, and maybe you've also got some examples in Australia, is where we think companies are doing a really good job. The biggest one on this slide is an insurance company called USAA who frequently top the polls of customer satisfaction, and Net Promoter. It really appears that they listen to their customer feedback and develop products as a result of it.

I have a few other good examples here:

- Lego - who develop products as a result of dialogs with customers. They've just introduced a new line called Architectural Lego for example, for adults not kids.
- Philips - a company we work with very closely in the Netherlands here, who listen to customers and actively change packaging or instruction manuals or delivery status as a result of feedback.

- Apple - report in their stores that there's a big poster in the back of every one of their stores that say "Feedback is a gift from customers."
- Bavaria Film - a B-to-B client we have in Europe, film studio, who actively go and survey every single one of their customers every quarter. That feedback is changing the way that they do business. They've developed new services for their customers as a result of that, so it's really gone to the heart of the business.

Ramshaw: There are a couple of really good examples here in Australia, for organisations that take feedback. The banks have been using things like NPS for quite some number of years now.

Probably the biggest and most vocal organisation in Australia is a company called iiNet. iiNet are an ISP here in Australia and they've been using Net Promoter Score specifically, and there are surveys that come out after each interaction, for quite some time now.

They're so keen on the approach that they use provide information about it in their broker updates and things like that. It's seen as a very much core focus and core way that the organisation drives their business forward. They're forever grabbing information from customers, making changes in their business, driving it back into their customer-facing staff so their customer-facing staff know exactly what's happening and are making changes, and are correcting issues if there are issues, very, very quickly.

I think iiNet's probably one of the most public organisations in Australia that are using this sort of customer feedback approach. They certainly see it as a big driver of their organisation, and a big driver of their success. They've been very successful over the last few years as an organisation. I think iiNet are a really good example here in Australia.

3.4 A Good Template For Feedback

Dorrell: That sounds like a really good example and it obviously sounds like it's very evident there. But I want to pick up on something you said there, which is about Net Promoter Score, which leads us into the next slide.

It's very difficult to get that whole feedback into the company as a culture, we've found. Sometimes it comes from the top. It could also come from the grassroots area, but we've found as a framework to help this happen, it works best in companies where they've adopted the Net Promoter Score. This is for those who don't know, it's a very simple score. It's a 0 - 10 scale, which marks your propensity to recommend a product or service to another person.

The key thing that always go with this is you always ask for feedback; why did you say that, or why not? The way that we see this most effective is when companies are surveying almost every transaction that they do with a customer or also surveying the relationship on a regular basis.

The key thing about this Adam, is it's on an open-source standard. People can benchmark their Net Promoter Scores against other companies and a by-product of it is a sort of corporate language that comes out of it. For example if somebody scores a 9 or a 10, they're referred to as a "promoter," and we often hear people around the companies saying "This gentleman was a

detractor and I managed to turn him into a promoter.” That helps with dealing with customer feedback.

Ramshaw: Net Promoter Score is a great way to do that and you’re right, it’s open-source approach, which is fabulous.

3.5 Make The Survey Short!

Dorrell: Let’s talk about how you might implement that. If you look at the next slide, we can give an example of a typical way of gathering data. I think we try to use the best practice here, and so we’ll use the typical survey of a fictional organisation called the Super Organisation. The key thing is it’s short. It’s on two pages. The first page asks you to rate the experience of the service on the 0-10 scale we were talking about. On the second page it’s very clear that there’s a big box for comments. That’s it.

I just want to give a tip from our years of experience. You should really try and use your CRM system to embed as much information behind this survey as possible. If you’re on a flight and they say “Which flight are you travelling on today,” and “please tell us if you’re a man or a woman,” that’s the kind of disrespect customers hate. If you embed that information in there, you can make it work. Typically we get 25% to 50% response rate from customers by email which is pretty high.

3.6 Learning: Fast Response/Empowerment

Dorrell: Let’s go onto the next slide, if that’s okay which is about some tips to deal with the feedback that you get back. Let’s assume that you’re getting a large amount of customer feedback. Some of these turn out to be negative or think of them as a customer complaint. We found that the companies that do this most successfully have a service level agreement with their customers where they get back to them within 24 hours. To be honest, when we start talking about this to some major organisations, they fall off their seats in horror that they might be that reactive, but it can really happen.

I can give you examples from Sony to Vodafone where they’ve really changed the company organisation to get back to and acknowledge the customer within 24 hours. It might be that they cannot fix that fault or act upon the customer comment, but they’ve acknowledged it and they’ve gone back to the customer and said that we’re working on your behalf.

When that happens for a consumer, it’s a very interesting reaction. They often go, “Wow, I’m impressed that you got back to me so quickly.” Already right there, you’re changing customer’s perception, however negative they were, to move them up the scale.

Ramshaw: I agree, speed is a big part of this process. If you can do it quickly, then you’ll get the customer’s trust, and the service recovery process will work really well.

Dorrell: The key thing though, Adam, is to make sure that you can empower the agents to wherever possible fix frontline issues as soon as they can. Some people do this by giving agents a budget they can go up to, to fix things, or just trusting them to do the right thing.

3.7 Acting on Comments

Ramshaw: You have to trust your staff, you're absolutely correct. That's a key part of the process, but let's talk about acting on comments.

Dorrell: Comments, when they come back, generally fall into three buckets.

- There is the problem area that we spoke about before. Get to the right person - The key thing about this is about getting the issue to the right people in the organisation. Logistics, finance, web people, wherever it needs to go, they should be able to deal with it. That spreads the load around in the organisation.
- Praise - One people often forget to deal with is praise. It's equally important. Customers are very often praiseworthy of staff. "Bruce did a great job," or "I really liked Mary." The key thing is to make sure that you can publish this internally, and to be honest also externally. We often forget that in this day of the web, how easy it is to do that, but it's something that's really important to do.
- Act - One of the problematic areas is where people use suggestions and often we find companies are weakest in getting products or service suggestions to the right people in the organisation and then acting on them. Not only are they missing out on a great source of advice, they're not acknowledging customer contributions to their product.

If we look again at the examples that we gave like Lego or Philips, those are companies that are now really embracing that dialog with customers.

3.8 Learning: Spread the Load of "Fire-Fighting"

Ramshaw: Acting on the comments and making change in the organisation is the biggest part, but a really fast start in the process if the idea of fire fighting. What fire fighting all about Adam?

Dorrell: Good point, it's all about trying to put out customer issues one-by-one. We call that fire fighting because the customer raises the fire alarm and you really have to put these issues out time and time again.

The point about this is getting the whole organisation involved. This is not just to be dealt with by the customer service department. You really should try and get the issues to the people that count. If it's a finance issue, it needs to get to that department. Measuring each department on this can really help also bind the company together, and get to that whole company focus on customers.

Ramshaw: I have to say in the fire-fighting side, the service recovery process, there's a lot of research to say that if you do service recovery really well then your customer's actually much more loyal to you as an organisation than if had never had an issue in the first place. Service recovery and the fire-fighting process is really important to get right.

Dorrell: I agree. Customers accept a certain amount of humanity. Things do go wrong. It's about how a company fixes it that really changes our perception. The key thing about fire prevention is there's a flipside to this, which we call fire prevention. After a while it becomes quite inefficient to keep putting out the same fires the whole time. As an organisation you should try and learn from

the ones that burn brightest, and put some processes in place when they keep happening time and time again.

3.9 Best Practice: Automatically Close the Loop

Let's talk about the next aspect on that, which is about closing the loop. Again you're talking about service recovery. A key part of service recovery is about making sure you fulfil your promises. Time and time again we know that customers get upset because the agent says "I'll get back to you in the next 24 hours." They never do. One of the things you should put in place is to make sure that you sign off an issue from open to closed. That's one of the things we actually have in our CustomerGauge product, where you can as a manager, see which issues are open and closed at any time. This is really helping some organisations to close the loop with customers.

Ramshaw: The keeping of promises part is just vital. We've done research over the last ten years into this. Time and time again, in any service aspect of a business, one of the most important areas for customer loyalty and driving customer satisfaction is "doing what you say you will do". You must put in place processes that if you promise to get something or make a change, that you get back to the customer, and you do what you say you will do. It's just critical across all sorts of the service process. Time and time again we see this is a critical piece of keeping customer loyalty. Why don't we move on to segmenting customers by NPS, Adam?

3.10 Segmenting Customers by NPS

Dorrell: I'm going to dip back into Net Promoter again, and if you remember I spoke about scores 0-10. Net Promoter Score segments neatly into detractors; they give you a 0-6 score; or promoters who give you a 9 or 10. The people who are 7 and 8 in the middle are kind of "meh", passively satisfied. We won't count them.

3.11 Learning: Segmentation

But if we move on to the next slide, we'll see how we can use that segmentation to help you win as a business. To be honest, all customers are not the same. We know from many companies that we work with that a small amount of customers drive a large part of the revenue. For example with one company just 7% of the customer base drives 50% of the revenue.

If you can identify the key customers before you give them feedback, when they then come back you can draw a nice matrix to help you segment those into the VIP customers and the run of the mill customers. Then if you further segment those customers into detractors and promoters, you get an idea of how you could perhaps rescue your high-value customers who are unhappy or reward your VIP customers who are promoters. It's very likely, Adam, that they'll talk about you in a positive way to other future customers.

Ramshaw: I just makes god sense to focus your scarce resources on the most valuable customers. It's not to say ignoring all the rest, but it certainly makes good sense to focus on the ones that are most valuable for the organisation.

Dorrell: That's right, and if you're using something like the call centre, this is how you would prioritise it. You can use it to do outbound calls to your VIP customers, to follow up on the issues, but make sure you really fix it.

You also don't always need to give discounts on this. That's one of the first weapons that people get out. Actually just listening to customers and acknowledging them can really go a long way.

3.12 Quantify the Feedback

Ramshaw: We've got that part of it, but how do we quantify the feedback? How do we do some root cause analysis on all of this information that's coming back to us?

Dorrell: That's a very good question, glad you asked that because one of the things is that you should basically try and tag it. You can do this simply by just using a spreadsheet to mark issues off against a tick box type thing. Or you can use more sophisticated methods of doing this. For example, CustomerGauge analysis, customers seem to do that themselves in the survey.

The point about it is that however you do it, is to try and compartmentalise your feedback and help to allocate the scores a bit and that can help you understand where to focus your priorities. Is it in the call centre, is it in logistics, is it in finance or marketing and so on.

Grouping the customer comments together can help you prioritise it, but also give you a framework to act. We've found that the most efficient companies simply do this in a kind of informal way. They just tackle each problem and knock it down, and they have a couple of things to do every month.

Ramshaw: What you're saying is that wherever there is this qualitative feedback, and Net Promoter Score for example is a place that you do get quite a lot of qualitative feedback, but in any feedback process, make sure that you tag it into some set of consistent tags or sub groups or buckets. Then look at each of those buckets and see how they're affecting the customer loyalty overall. There's some sort of driver analysis, that's really what you're saying here, isn't it?

Dorrell: Yeah, couldn't have put it better myself. Thank you.

3.13 Publish the Good News

Ramshaw: What about telling people about this stuff? Should we keep all this information to ourself?

Dorrell: No you shouldn't do that but it's surprising how many companies do. These days anyone that's been in a call centre knows the familiar wall displays that state how many calls are coming in. We think we have a more twenty-first century version of that, which is to actually display customer comments that come in real time.

We call it "digital signage." That's internally displayed but the other companies that we work with have taken the step of displaying these comments in real time on their websites. They're taking customer comments, often positive and negative ones together to give a balance, and they're putting them on the website. Philips have about 20 new comments every day so

there's always a rich source for customer feedback. Quite apart from anything else, it's good SEO.

Ramshaw: I think just getting the word out's really important. Consumer reviews are significantly more trusted than the reviews that come from manufacturers. If you can get in your customer's own words what they think about your service, and use that to talk to prospects and other clients, then you're really speaking to them from a very trusted source. Get the news out there. I can't tell you how many times I've spoken to clients about providing feedback from a survey process and the customer feedback process back out into their greater customer organisation. This is a really good example.

Put the testimonials on the website. This is a really good approach. Any way that you can get this information back out is really good. Talk about USAA for a couple of seconds.

3.14 Something to Aim for...

Dorrell: We spoke about this earlier in the presentation. Again, I just wanted to finish on this slide because I really like their approach on this. They seem to do everything right. They have got customer feedback front and centre, and it's not always positive. Sometimes it's a bit reflective, but most of them really talk about this and you can see the glowing comments that people do. They really become brand advocates of the company. It's unusual, let's be honest for a financial organisation but it's somewhat reflected in their high Net Promoter Score which is 87. It's a very impressive site. I would recommend anybody to have a look at that.

Ramshaw: It's a really good score, 87 is very, very high actually. Let's come towards the end of our time here. We're just coming up towards a half-hour mark. I don't want to go over that. Maybe we'll just summarise Adam, if you could just summarise the lessons from the "Fear of Feedback."

3.15 Lessons: Fear of Feedback

Dorrell: I think that I'll try to encapsulate it into six group lessons here.

- Communicate the program - It should not be seen as a negative. Feedback is always about making choices for the company. The way that you start talking about it is to say you're learning from customers and if you do it correctly you can really motivate staff.
- Fast is better - If you can't fix it immediately, at least acknowledge, try and make your company work so you can get back to customers in 24 hours. It is possible. It's a very impressive thing for customers to see that.
- Proactive actions impress the customers - If you have got a program in place that systematically asks for customer feedback, and it's always coming back into your organisation, first of all it's a great message to show customers that you're doing that. But it means that you're less reactive in your call centre. You can plan the time better to get back to customers as you need, around peak times.

- Segment - All customers are not equal, and this helps you to triage problems to make sure you get back to your most important customers first.
- It's not extra work - It's important because a lot of companies we come across say it's going to be extra work. This is the most important point on here, which is if you don't get back to customers with a complaint, they'll call in anyway at a time of their choosing, and they'll be more upset when that happens. Worse, they just defect and you never see their business again. The key part to handling this is to automate your process.
- Thank customers, and go public - Get back to your customers to thank them for feedback, but also go public with it. Actually do some improvements as a result of customer feedback and go back to your customers and say, "You know what? We did this because of you." This is some of the best practices.

Ramshaw: The "do something" is a big part of the process. In fact, it's probably the most important part of the process. If you're not going to do anything with the feedback, my recommendation is don't collect it. It's that fundamental to the process.

I notice that we've take a little bit longer to get through the content here today. We're just at the half-hour mark. We do have a few questions. What I might do is go back out to those people and answer them directly, and also put them in the follow up from the webinar because I don't want to hold people longer than the half an hour that we've promised them. Back to the do what you say you will do part of the conversation we had earlier.

I really appreciate your time this afternoon Adam. It's been some really good information about "Fear of Feedback," and about how we shouldn't be afraid of feedback. I'd like to thank you for coming along today.

I'd also like to thank our audience for coming along and listening and the questions they've provided which we will answer at a second time. Any unasked questions we will go back and talk to everybody. In fact, one of the things we're going to do is as everybody leaves the webinar we've got a very short questionnaire; I think it's four or five questions. We do what we suggest and we're taking your feedback on the webinar so that we can make sure we do this right this time and improve it into the future. We really appreciate if you can just complete that short survey as you leave.

That's it for this afternoon. Thank everybody for coming along. Thank you for your time. Enjoy the rest of your day, and goodbye for now.