



## TenStep Supplemental Paper

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### **Customer Complaint - An Opportunity for Service Recovery**

*Converting an unhappy customer into a satisfied one*

Occasional goof-ups do happen even in best-run organizations. It could result from an accident, system breakdown, error in quality control, or a blunder at the personal interface level. The upshot though is predictable: the customer is dissatisfied, often angry and all set to complain.

Customer complaints need to be resolved effectively, creatively and quickly. Successful handling of complaints demonstrates an organization's quality of service. How many organizations really pay attention to customer complaints? A case in point: Volkswagen UK is one of the country's chief importers of vehicles in the automobile industry. The company's franchise dealership network is spread world over to cater to the global customers. Volkswagen is a leading brand with over 2 million cars on the world's streets. The company fervently strives to provide memorable experiences to each of its customers.

#### **Outlook of Complaints in Volkswagen**

Volkswagen pays relentless care and attention to its customers. It believes that customer satisfaction depends upon its interactions with the customer. Such interactions take place when the customers offer their feedback, praise or complaints.

The company views complaints as a positive and constructive feedback from the customer. Volkswagen believes that resolving complaints enables the company to understand the customers better and nurture positive relationships.

#### **Structure for Complaint Management**

Complaint handling and resolution is the responsibility of the Central Customer Care Department of Volkswagen UK. The department aims at a customer-focused, quick and non-bureaucratic management of customer complaints.

Volkswagen adopts a dual hierarchical technique for complaint management. Firstly, a vertical complaint management is employed at various stages of sales and delivery. This team looks after the company-wide processes for efficient complaint handling.

Secondly, a horizontal complaint management approach is also put into practice at each sale and delivery entity. These teams are personally responsible for resolving unit-wise customer complaints.

#### **Conventional Customer Care System**

Earlier, a computer system known as the "Active Customer Care System" handled complaints at Volkswagen. This system classified the complaints received into various standard functional areas. It later checked for execution of complaint solution as per the deadlines.



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However, this system did not meet the desired results. The system:

- Could not organize the vast network of Volkswagen well. (The network comprises of 11 distribution centers and 12, 800 dealers spread all across the globe.)
- Was too simple to handle the complexities of customer complaints
- Did not provide adequate security against manipulative maneuvering
- Was inflexible and could not cater to different remedial actions for effective complaint resolution.

Hence, a need was sensed for a better and improved complaint management system in Volkswagen. The traditional system had to be replaced with a customized and contemporary complaint resolution system. Consequently, in 1995, new software called "SORRY" was installed for competent handling of complaints.

### "SORRY" for Complaint Resolution

The newly installed complaint resolution system had clear-cut procedures to resolve customer complaints. The process can be divided down into seven stages.

**1. Stimulation:** A study reveals that only a negligible number of customers actually complain about the complicated procedures. Therefore, Volkswagen established a countrywide, toll free, and direct service line to encourage customers to complain. This allows the customers to discuss the issues directly with the company. It prevents the customer from switching over or spreading negative publicity about Volkswagen.

**2. Reception:** At this stage the customer service representative establishes initial contact with the customer. Adequate training is provided to the staff to respond appropriately to dissatisfied customers. They empathize with the customer's situation and offer to help in every possible way. They pacify him, and clarify doubts besides assuring him of necessary action. All vital information is gathered to assess the complaint. This information is used to resolve complaint and to avoid their recurrence in future.

"SORRY" input screens are used to gather and record information pertaining to the complaint and the complainant. This information is always recorded from the customer's perspective. The information is then transferred to Volkswagen Quality Assurance where it is pooled with the technical assistance.

**3. Processing:** At this stage to the problem is smoothly processed. "SORRY" includes standardized processes for effective handling of complaints. The system breaks down the process into various stages. It also allocates a "Task Owner" for each stage and sets targets for completion of the tasks. If the deadline is not met, the system generates a warning for the "Task Owner". In case of further delay, it automatically escalates the matter to the higher authority. The process continues until successful completion of the task.

All the processing information is recorded in the "SORRY" input screen for further references.



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**4. Reaction:** Depending upon the happenings at the processing stage, necessary action is taken. The primary objective is to completely resolve the customer complaint. If the problem cannot be solved, then the customer is compensated accordingly.

All information related to the complaint solution is recorded in the "SORRY" system.

**5. Evaluation:** The system sets up complaint servicing targets and measures them constantly against the actual performance. Complaints are evaluated with the help of the information recorded in the system. A complaint frequency statement is prepared and cross-tabulated. The "Task Owner" and the "Customer Care Management" are then interviewed and questioned. The effectiveness of the complaint management for customer satisfaction is carefully assessed.

**6. Follow-up:** Once the problem is satisfactorily resolved, Volkswagen takes the necessary follow-up action. "SORRY" generates a questionnaire depending upon the nature of the complaint. The customer fills the questionnaire through a telephonic conversation or mail.

**7. Cost-Benefit Calculation:** The system then evaluates the cost-benefit ratio of the complaint management. Costs indicate the actual expenditure incurred in rectifying the problems. Benefits are the satisfactory solutions of the complaint and the knowledge gained from the experience. The benefits result from the assumed repurchases by the customer due to improved relationship.

Complaint management at Volkswagen aims at dynamically inducing complaint resolution in its sales and delivery team. This enables steadying of business relationships with displeased and unsatisfied customers. It further results in information gathering and is used to identify the weak spots in the company. Volkswagen takes upon the responsibility to identify and convert its weaknesses into strengths.