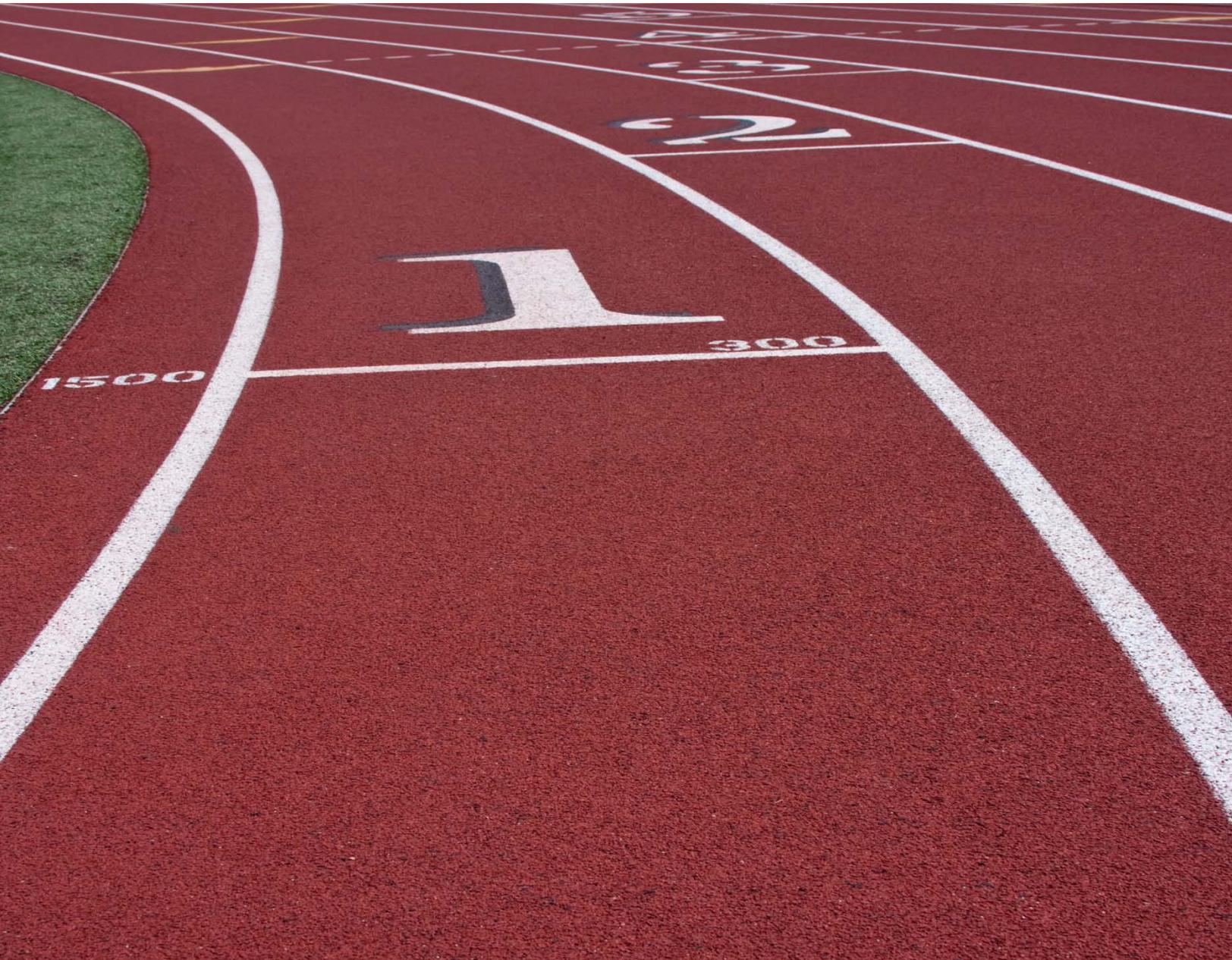


The Top 10 Voice of the Customer (VOC) Best Practices

Key Insights on how to Win the Race for
Customer Trust and Business



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Top 10 VOC Best Practices

During 2008 and 2009, consumer confidence in corporations and their leaders steadily declined. Billion-dollar banks have failed, insurance and mortgage giants have declared bankruptcy, big box retailers have collapsed and once “too-big-to-fail” automotive companies have taken billions in bailout money from the U.S. government just to survive. All of this turmoil has left consumers wondering “Who can we trust?” and which business or industry will be the next to fail. In turn, in their quest to continually increase revenues, many businesses have forgotten that they have a responsibility to customers to meet or exceed their expectations. Thus, rebuilding consumer confidence and the bond that companies have with customers is critical.

As companies work to restore consumer trust and build better relationships with customers, they must think and communicate differently. They must gain a better understanding of customers’ needs, wants and concerns by continually gathering, analyzing and acting on customer feedback. This ensures that customer needs are incorporated into the design of customer experiences and in the company’s products and services.

Listening and Acting on the Voice of the Customer

In the past, businesses have traditionally listened to the voice of their customers through surveys, comment cards, phone transcripts, and even random letters and e-mails, with the intent of quickly addressing any concerns or issues. Though valuable, these listening methods are no longer enough. Today, businesses must have a formal voice of the customer (VOC) program in place to systematically capture, manage, and act on customer feedback across their enterprise and ensure that feedback gets incorporated into their organization. Along with this, companies must ensure that they are putting the right people, processes and technology in place to support these programs.

****Following is a list of the top 10 VOC best practices that industry leading companies use to ensure their VOC programs are successful:***

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1. Open the gates to customer feedback

An important part of staying in touch with customer needs and wants is gathering customer feedback (e.g. information regarding customers' concerns, complaints, questions, suggestions, ideas, etc.). Companies should aim to gather feedback that is both useable and actionable. Customer feedback has become increasingly important to everyone in a business ranging from customer service managers, chief customer officers and VPs of marketing up to the CEO and the chairman of the board (e.g. The product team uses it to develop future versions of products. The marketing team uses it to shape marketing campaigns. The CEO uses it to monitor how well the company is meeting customer expectations, etc.).

2. Make feedback collection part of the routine

Companies must not only gather customer feedback on a regular and routine basis, but they must also respond to customer feedback quickly, as responding in a timely manner increases the likelihood that a customer will buy again, especially if the company resolves the complaint in the customer's favor.

Interestingly enough, some companies are still watching and waiting for the economy to turn around before they begin to collect customer feedback. However, as too many companies, including car companies, have learned recently, consumer behavior can change in an instant and change dramatically—sometimes for good. For instance, when gas prices rose to more than \$4 a gallon, a large number of consumers got rid of their gas guzzling sports utility vehicles (SUVs) and trucks and replaced them with more economical forms of transportation. Companies that manufactured trucks and SUVs soon found themselves cutting production, which had a downward spiral effect on suppliers, service providers, car dealerships, salespeople, etc. Even when fuel prices did drop, a large number of consumers stuck with the more economical forms of transportation, demonstrating that they had no intention of going back to buying SUVs and trucks. As a result, many car companies are just now developing new products to respond to changes in consumer needs. Thus, when it comes to finding out what customers are thinking, companies cannot afford to wait.

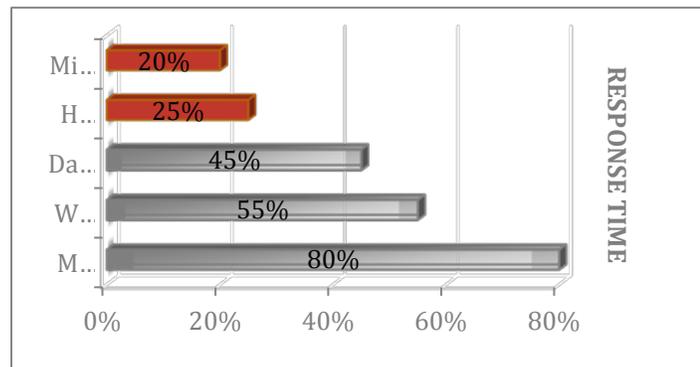
Plus, whenever companies do collect feedback from customers, they need to ensure that they are using the right sampling methodologies and minimizing the potential for survey fatigue.

A 2006 Study by University of Michigan Ross School of Business Professor Claes Fornel found that *"... when a company's customer satisfaction score has improved over the prior year's results and is above the national average (currently 75.7),... its shares have a good chance of outperforming in the broad stock market in the long run."*

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Why a Fast Response Time Matters

As the chart indicates, responding quickly to a customer's concerns has a significant impact on the probability that the customer will return and buy again



3. Know what the feedback says

Customer-centric organizations continually strive to understand what customers are trying to tell them, where customer feedback is coming from, and the underlying factors that are driving customer satisfaction or dissatisfaction. They also understand that some information they collect may be seasonal or time-sensitive. For instance, an insurance company may take in 135,000 claims during a 30-day period following a string of natural disasters. Once those claims are filed, feedback regarding service may change. A customer's circumstance or view of the situation at the time of feedback is an important variable to keep in mind. Understand both the data and the factors that may be affecting that data.

There are multiple ways to get customer-related feedback data. For example:

- Qualitative survey data
- Customer complaints, compliments, questions, suggestions, concerns, issues, etc.
- Post episodic and transactional surveys (e.g. new customer surveys, product cancellation surveys, etc.)
- Customer experience data
- Information from your sales team about customer needs, questions, etc.
- Employee observations
- Etc.

A crucial component is to have the right technology, VOC program and processes in place to centrally collect, manage, organize and analyze that data in order to act on it.

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Gathering feedback can increase cross-sell and up-sell effectiveness by 15 to 20 percent. – Gartner Research

The value of customer feedback

Stories abound about the difference that having the right customer feedback can make to an organization—on its bottom line, in its decision making, and even in its day-to-day operations.

In the book “What Customers Really Want”, author Scott McKain tells a story about how a coach bus company that transports music stars (i.e. clients either lease or purchase the company’s buses), was originally planning to improve the interior of its buses because it believed that customers would be willing to pay more, and the company would make more money.

However, in the midst of picking out fabric, flooring, etc., the company decided to ask its customers what they thought about its plans. To its surprise, the company found that while its customers did want nice interiors, the single most important factor in selecting a coach company was the bus driver (i.e. Someone who could get the music stars to their destination safely, especially if they had to drive long distances through the night. They also wanted someone who would serve as a good ambassador for the band with fans).

The company launched a driver education program to teach its drivers how to communicate more effectively with customers and how to retain and grow customer relationships. The company started compensating drivers according to how well they served the customer and how well they cultivated long-term relationships with them. Once the company did that, it moved from fourth in the marketplace to first, and grew from 28 to 56 coaches.

“We have only two sources of competitive advantage: the ability to learn more about our customers faster than the competition, and the ability to turn that learning into action faster than the competition” – Jack Welch, former CEO of GE

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4. Take real and deliberate action

Companies need to be both organized and prepared to respond to and act on customer feedback. This includes having a systematic feedback program in place that defines who will respond to the feedback, how and when, and what the company's general policy will be for taking action on customer feedback.

When a company does have a systematic process in place, it is able to see and act on comments that have been made several times (indicating a trend), instead of reacting to individual pieces of feedback. (After all, it's important to recognize that a customer or employee could just be having a bad day when they submitted their comment or query). Also, whenever companies do act on customer feedback, they should evaluate whether or not that action had a positive impact on their customers' experience, loyalty and engagement.

5. Close the feedback loop

A crucial part in responding to customer feedback is establishing a closed-loop feedback process (i.e. setting up and maintaining a formal process whereby someone is responsible for following up on every piece of customer feedback that gets submitted and tracking each of those submissions through to resolution). This will ensure that every significant piece of customer feedback receives the level of attention and response that it deserves.

6. Tell the world

Whenever customer engagement increases and/or if a company receives an award such as the BusinessWeek Top 25 list of Customer Service Champs, the CRM Service Award or a Gartner and 1 to 1 Media Customer award, companies need to promote it. Similarly, if a company achieves a "95% customer satisfaction rate," it should post that data on its web site and use that data in its advertisements, public relations campaigns and marketing promotions. Not only can that data help attract new customers and help positively influence sales prospects and their buying decisions, but it can also have significant sway in customer opinion and result in a stronger reputation for the company in the marketplace.

7. Bring feedback to life internally

Everyone in a company needs to be responsible for increasing customer loyalty and engagement, and using customer feedback to improve the organization. To that end, companies must provide all of their employees with easy and ready access to customer feedback and the result of that feedback.

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This includes putting the right processes in place and making sure that VOC data gets used effectively across the enterprise. Along with this, companies must elevate customer engagement metrics to the same level of importance as financial and operational metrics on an overall company level, division level and department level. By making customer metrics a part of the core values for employees, it helps employees feel like this is something that they can influence and own.

8. Match employee behavior to discoveries

Customer-centric organizations incorporate VOC data and engagement data into their training programs for customer-facing staff. For instance, when company leaders tell their employees that customers want them to be courteous and responsive, these leaders must simultaneously use customer feedback data to define and explain what customers mean by “courteous” and “responsive” so that employees understand and can act accordingly. By arming employees with this data and training, they’ll be able to build better relationships with customers and help the company increase its share of wallet.

8 of 10 executives believe their company loses sales each year because of failure to create engaged customers. 80% say that engaged customers are critical because they recommend products or services. - February 2007 survey of global executives by the Economist Intelligence Unit

9. Celebrate success by sharing superior customer service stories with others in your organization

Finally, companies need to build a customer-driven company culture by sharing and evangelizing stories of superior customer service with their employees, including examples of when employees went above and beyond to satisfy customers. Companies must incorporate customer service into every aspect of their organization, ranging from beginning every meeting with a great customer story to bringing customers into their offices regularly to interact with employees. This will help the company cultivate a culture that strengthens customer loyalty and engagement and emphasizes the importance of customers to the company.

Why is customer loyalty and engagement important?

The biggest reason is that customer engagement is the only metric that impacts other metrics typically measured by a company. As one industry expert noted, “When customer engagement slides, so do a great many other outcomes, including future sales, growth, and profit.” And below is a chart that outlines why. (Obviously, engaged customers are the best customers for a company to have.)

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	Satisfied Customers	Loyal Customers	Engaged Customers
Level	Experience Evaluation	Behavior	Behaviors
Behavior/ attitude	<p>Customer asks themselves Is it easy and worth it to do business with this company again?</p> <p>To improve: Offer a little more Than the customer is expecting. If you only offer 1% more, they will be happy. But if you offer 1% or more less, they will be unhappy.</p> <p>What's the best way to know what your customer are expecting? Ask.</p>	<p>Exhibit behaviors, including:</p> <ul style="list-style-type: none"> • Stay longer in relationship • Repeat business • talk about your products and services to others • Continue to do business with you even if they have a bad experience • Are more willing to give your business the benefit of the doubt • Reluctant to switch providers 	<p>Exhibit behaviors, Including:</p> <ul style="list-style-type: none"> • Stay longer in relationship • Buy more products and services; buy more frequently • Willing to pay more for your products and services • Refer your business more; convert talk to new business by referring effectively • Provide more and better feedback to your business to help you improve

10. Ensure benefits are realized

Measuring for a return on investment (ROI) as well as tangible business outcomes is a common need of businesses, as company leaders want to know: What are we getting for the money that we're spending on our VOC program and initiatives? What impact is it having on our customers? How is it helping us make more money, reduce our expenses, etc.?

Today's best practice VOC leaders actively work to tie their VOC programs to business outcomes. They do this by setting goals and objectives for their project(s), establishing initial baseline measurements for those projects based on the areas that they are trying to improve (e.g. customer retention, customer referrals, etc.), and regularly measuring and monitoring their progress. Armed with these baseline numbers, they are able to keep track of what impact their VOC and feedback programs are having on their business, and what course corrections are still needed, if any, to ensure that they achieve their goals and objectives. This information also enables them to assist their company in making smarter decisions about where to spend their company's time, resources and money on future VOC program initiatives to achieve the best possible outcomes.

In conjunction with tying their VOC programs to business outcomes, they make sure to communicate that data to their company's executive team and employees.

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Companies that do VOC right

Even though the demise of big-name companies has received its fair share of media coverage, there are a number of companies that truly understand what it means to be customer-focused. They understand the value of improving customer service, from increased customer loyalty, engagement and referrals to increased revenues. Below are a few examples of companies that have set up effective VOC programs and processes:

Amazon.com

To ensure that customers receive a consistent positive experience, whether from Amazon direct or the thousands of merchants who sell through the site, Amazon has implemented a number of safeguards, many of which have been influenced by the voice of the customer. Amazon established an internal email system to facilitate and monitor conversations with customers and retailers; it uses metrics to track customer complaints about third-party retailers; and it implemented a fulfillment process that allows merchants to leverage Amazon's distribution channels. Each of these programs was developed to ensure a reliable and consistent experience for the consumer. Every employee at Amazon.com spends two days on the service desk every two years. As Jeff Bezos, founder of Amazon, was quoted as saying, "Fixing customers problems builds loyalty with people..."

Best Buy

Best Buy has set up a nerve center in Minneapolis, which processes and analyzes customer feedback. Trained service representatives review all of the issues that are happening across all of Best Buy's stores. If they identify a trend, they call a "Blue Alert." The customer service representatives then send out a report to individual stores and call center informing store managers of the trends and the appropriate action to take. This organized approach ensures that issues are addressed quickly before they become major problems, in addition to arming employees across the organization with the information they need to properly address the issues. Recently, Best Buy has also started to emphasize the voice of the customer in its advertising, including promoting a Twitter customer service account that encourages real-time customer interaction with a pool of live agents.

Ultradent

To more clearly hear the voice of its tens of thousands of customers around the world, Ultradent, the leading developer of high-tech dental materials, devices and instruments, implemented an enterprise feedback solution from Allegiance. Not only has the company been able to centrally collect, manage, analyze and act on customer feedback, but within the first 12 months of using the solution, the company was able to collect approximately 40 percent more feedback from its customers and realize a benefit of \$330,000.

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Conclusion

Listening to and understanding the voice of the customer is crucial to restoring consumer trust in businesses and building customer loyalty, engagement and advocacy. Aside from just creating an exciting brand, companies today must be aligning their communications and product delivery with higher customer values. They must also set up a formal VOC program and actively be collecting, managing and acting on customer feedback. Given all of the fallout that has resulted from big bank, insurance and other company failures recently, there has never been a better time to put a formal VOC program in place or improve upon an existing one by leveraging many of the best practices outlined in this paper. Ultimately, it will be those companies that truly listen to their customers that will not only win customers' trust and business, but set themselves apart from the competition.

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About Endeavor

Endeavor Management, is an international management consulting firm that collaboratively works with their clients to achieve greater value from their transformational business initiatives. Endeavor serves as a catalyst by providing pragmatic methodologies and industry expertise in Transformational Strategies, Operational Excellence, Organizational Effectiveness, and Transformational Leadership.

Our clients include those responsible for:

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- Marketing and Brand Strategy
- Operations
- Technology Deployment
- Strategic Human Capital
- Corporate Finance

The firm's 40-year heritage has produced a substantial portfolio of proven methodologies, deep operational insight and broad industry experience. This experience enables our team to quickly understand the dynamics of client companies and markets. Endeavor's clients span the globe and are typically leaders in their industry.

Endeavor's Gelb unit, monitors organizational performance and designs winning marketing strategies. Gelb helps organizations focus their marketing initiatives by fully understanding customer needs through proven strategic frameworks to guide marketing strategies, build trusted brands, deliver exceptional experiences and launch new products.

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