

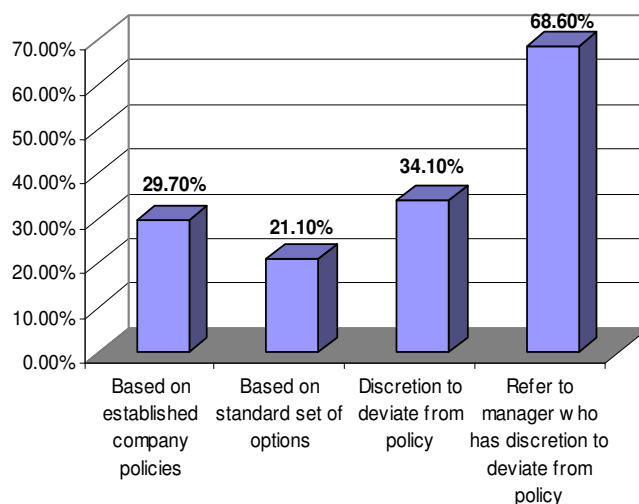
Customer Service Practices and Policies among Missoula Area Businesses  
May, 2009 Report

Dr. Nader Shooshtari  
nader.shooshtari@business.umt.edu  
Dr. Simona Stan  
Simona.stan@business.umt.edu  
Both of the School of Business Administration  
University of Montana

This is the third part of the report on the survey of the Missoula Chamber of Commerce members with regard to their customer service policies and practices. In this part we focus on customer complaint handling. An important aspect of the conduct of every business is how it deals with disgruntled customers who may be unhappy with the product they purchased, the service they received or some other aspect of their dealings with the customer that generated customer complaints. We asked businesses how they handled customer complaints. About half of the respondents (46%) indicated that any employee approached by a customer was authorized to handle customer complaints. This is not unusual for small businesses where individual employees have to perform multiple tasks. A significant majority (76%) let managers handle customer complaints if other employees were not able to resolve the complaints. Only 15% of respondents reported that customer service representatives were in charge of handling customer complaints. It is necessary to note here that businesses which allow any employee to deal with complaining customers, without providing proper support and training to those employees, run the risk of confusing and further aggravating both the customers and their own employees.

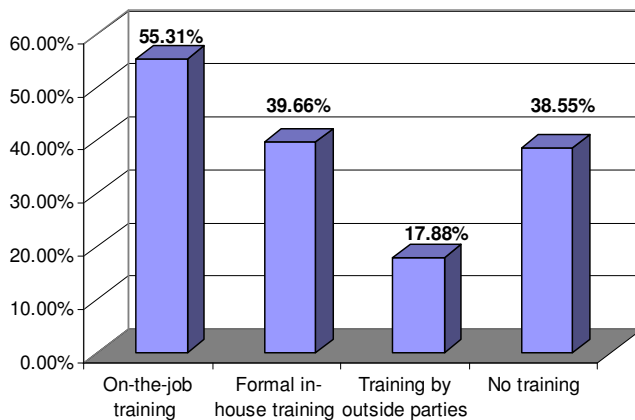
An important question in dealing with customer complaints is whether the company has a set of clearly established guidelines for handling complaints, if the process is handled informally, or both. As shown in Figure 1, 29.7% of businesses handled complaints based on established company policy, and 21.1% stated that they relied on a standard set of options to resolve customer complaints. Some 34.1% of companies provided the discretion to deviate from standard policy to resolve complaints, and the majority (68.6%) referred the case to a supervisor or manager who was able to deviate from standard policy to resolve the complaint. Missoula businesses relied on communicating the action taken regarding the complaint to the customer in person 89.2% of the time, 78.4% did so over the phone and 62.9% communicated their action in writing.

**Figure 1. Authorization to Solve Complaints**



Companies hire employees to fill a variety of positions in their business. An important question is how employees who are specifically tasked with customer service are selected for the job. Research shows that employees who exhibit a positive attitude, can establish rapport and empathize with others are likely to do well as customer contact personnel. Slightly less than half of the Missoula businesses (44.4%) reported hiring employees specifically for customer service positions. The remaining 55.6% assigned individuals to customer service positions from the general rank and file employees. This may be a problem because not all employees have the right personality traits, especially in the case of dealing with dissatisfied customers. We asked companies if they provided employee training for handling customer complaints. A total of 61.5% indicated that they did provide training. As to the types of training provided, 90% engaged in on-the-job training and 64.5% actually offered formal training in-house for their employees. Some 29% chose to have outside parties provide training for their employees (see Figure 2). Providing effective employee training in complaint handling is critical for both customer and employee satisfaction and retention.

**Figure 2. Employee Training in Customer Complaint Handling**



Finally, we asked Missoula businesses how they tracked and recorded customer feedback. The majority (60.9%) stated that they did not formally keep track of customer complaints. Of the 39.1% respondents who did keep track, 67.6% did so based on frequency of complaints and 76.5% tracked complaints based on the severity of such complaints. (see Figure 3). Having formal means of keeping track of customer complaints is a critical aspect of customer service improvement programs because it helps business identify systematic problems which could be fixed. It can also identify difficult customers who need close monitoring for improved satisfaction and profitability.

**Figure 3. Method of Tracking Customer Complaints**

