

Customer Escalation Management Handbook

Chapter 1

Full book available at
escalationbook.com

BY MARCI REYNOLDS

*Prevent and manage B2B complaints
and escalations. Achieve the best
outcomes for your customers, your
employees and your business.*

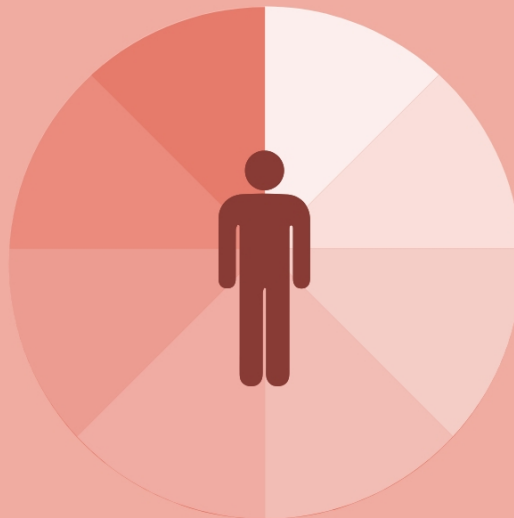


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Chapter 1: Why Escalation Management is Critical to Your Success

“Sorry As a Service”, is Real!

You have likely heard of the acronym SaaS which stands for software as a service. But, have you heard of a different SaaS that stands for sorry as a service? Yes, there is actually a growing business in the UK called Sorry As A Service which enables companies to quickly and automatically send out personal gifts to customers who had service issues, with the intent to win them back. Service issues have become so common, we need other businesses in place to help apologize for the mistakes. Wow! (By the way, “Sorry as a Service” is pretty cool. Check out their website at <https://sorryasaservice.com>.)

Customer service mistakes lead to customer service escalations. And, effectively managing these escalations is a topic on many leaders’ minds.

Recently, I had breakfast with a colleague who is a vice president of technical support for a large, publicly traded software company. I noticed right away that she seemed very stressed out. As we discussed the reasons why, she said that she was spending all of her time on customer escalations. This was taking her away from running the department or doing anything strategic. Because she had to support global customers, she was on the phone morning and night. Not only was it a time issue, it was also impacting her job satisfaction. Managing escalations is exhausting!

Fast-forward a few weeks later, I was chatting with a vice president of customer delivery for a different enterprise software firm, and she also brought up escalations. In fact she was looking to hire someone to run the day-to-day operations so she had more time to handle the important escalations.

Customer escalations take a lot of time. They can be upsetting and stressful. They can be very difficult to defuse and address. And they can be tricky to decrease and prevent.

Conversely, customer escalations can be a good thing. They provide opportunities for us to learn how we can improve our product or services. Also, if handled well, these moments of truth can actually improve our customers’ perceptions of us and increase customer loyalty.

There have been a number of studies undertaken that looked at three categories of customers: 1) customers with no problems with their suppliers, 2) customers with a problem that was NOT handled to their satisfaction, and 3) customers with a problem that was handled well and met their expectations.

In every study, the customers who had a problem that was handled well, spent more over time, were more loyal and were more likely to recommend that supplier. There are also many studies that link improvements to customer retention to improvements in business profits.

You have the ability to make a major impact on people and profitability, by effectively managing customer escalations.

Complaints versus Escalations

This book focuses on managing customer escalations not customer complaints. A customer complaint is defined as an expression of dissatisfaction that is made from a customer to the party responsible. (Landon, 1980) A customer escalation is a scenario where a customer is dissatisfied and asks to speak to an employee at a higher level within an organization to listen and/or to resolve the issue. A complaint is a predecessor of an escalation.

Business to Business (B2B) versus Business to Consumer (B2C) Escalations

Much has been written about consumer customer experiences with online retailers, cable companies, airlines etc. It is important to know that there are very big differences in customer needs and the delivery of customer operations for businesses versus consumers, and therefore differences in how we should manage escalations. Here are some specific examples.

B2B customers start out less satisfied. According to McKinsey research, B2B customer experience index ratings rank far lower than their B2C counterparts, with the average B2B company scoring below 50 percent compared to the typical 65 to 85 percent scored for B2C companies. (This is against a range of 1 to 100 percent.)

B2C sales are typically a standard, repeatable product offering, and as a result, easier to deploy and service. B2B offerings tend to be more customized, and therefore more complex.

With B2B, service failures not only impact the business customer (i.e. your customer), but may also impact their end customers or consumers. Here is an example. I am shopping at a large retailer and my shopping cart is full. I go to the cashier ready to make my \$500 purchase using a credit card. The clerk shares that the credit card point-of-sale device is down, and she can only accept checks and cash. She has called the credit card device provider (the B2B relationship) but they have not fixed the issue yet. I have no cash and left my check book at home so I leave very frustrated and the store loses my \$500 sale. The B2B customer, i.e. the store,

experienced a loss. And, I, the consumer, posts bad reviews on social media and never shops there again. A double whammy!

B2C transactions generally have one or two key decision-makers while B2B have multiple. These may include stakeholders and/ or users from technical to legal to purchasing to C-level. Also, a single B2B customer may be spread over multiple locations or geographies. When you are resolving a B2B escalation, it may take longer and require more touch-points.

In many organizations, about 20 percent of the business customers account for about 80% of the revenue or profit. An individual customer relationship could be worth thousands or millions per year. Business customers are not created equal, so a cookie cutter approach to escalation management will not work.

Being Human.... The Link Between B2B and B2C

Although there are differences when interacting with business and consumer customers, there is one thing that is exactly the same. That is, we are working with human beings. Human beings are complex, not always logical, and every human is unique. In addition, emotions will always be involved in any type of escalation conversation.

Per Forrester, the global research experts, ease, effectiveness, and emotion all contribute to a positive customer experience, but companies often focus too narrowly on effectiveness. If we master the emotional connection, it will have the biggest impact on improving a customer's experience, increasing their loyalty and enhancing their perception of our brand in the marketplace.

Identifying these emotions can be very difficult, but ultimately relies on us listening to what customers say they feel, observing body language and observing other physical cues. Through these techniques, we can attempt to discern if a customer is happy, dissatisfied or somewhere in between. And then, we can adjust our responses accordingly.

Effectively Managing B2B Escalations

The focus of this book is Business to Business (B2B) escalation management. It covers how suppliers, B2B customer service providers or support leaders can effectively handle escalations from business enterprises. These escalations may happen any time during the customer lifecycle starting during pre-sales, to contracting, through implementation/onboarding and then to ongoing support and relationship development.

Your first priority as a supplier, B2B customer service provider or support leader is to prevent un-needed escalations from occurring. When this is not possible, there are best practices to follow to successfully manage customer escalations.

Here are my tips to master customer escalation management and to achieve the best outcomes for your customers, your employees and your business.

The handbook will cover escalation prevention, escalation response and internal escalation paths.

About the Author

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Content

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