

# Case Studies of Organizational Success Through Exemplary Customer Conflict Management

## Learning Objectives

- Demonstrate an understanding of how to maximize customer satisfaction through appropriate resolution methods.
- Examine and describe best practices for complaint response systems and customer recovery methods.
- Demonstrate an understanding of the cultural and training requirements necessary for successful complaint management systems.
- Demonstrate an understanding of the role of employees and customers in the improvement of products, services, and complaint management systems.
- Explain the techniques and tools used by exemplary organizations to achieve high levels of customer satisfaction and complaint resolution.

## JOHN AND CUSTOMER SERVICE AT THE BUREAU OF RECLAMATION

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For many people, the word *bureaucracy* has negative connotations. Yet the rules and procedures the bureau must follow were put there for a reason: to ensure compliance with the law and to avoid any appearance

of favoritism toward or against any one individual or company seeking services from the bureau. In order for a coal mining company to receive or renew its license through the bureau, many different employees must review it—a geologist, an accountant, and a hydrologist, just to name a few. Each of these staff members is supposed to hand off the application to the next person on the list when he or she completes the review. From start to finish, a new license application should take ninety days to process and a renewal should take thirty days. In truth, new licenses are taking between six and nine months and renewals are taking four to six months. John has been receiving angry calls from mining executives who are sure this is a sign of the bureau's "green bias" and an underlying desire to reduce the number of mines in the state. In John's mind, nothing could be further from the case . . . but he can see that it doesn't look good.

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Why does a book on conflict management for managers include a section on customer service? Customer satisfaction is directly linked to the methods used to manage conflicts when they arise. High-quality customer service, by necessity, includes the use of efficient and satisfying conflict management systems. Customers understand that problems will arise from time to time. The way in which those problems are handled makes the difference between losing a customer (and all the friends they tell) versus building a long-lasting customer relationship.

In the field of business, there are literally thousands of books that offer information about how to improve customer service satisfaction, often at an industry-specific level. This chapter does not seek to mimic information available there but instead will show examples of those organizations that have developed exemplary methods for preventing and managing complaints from customers.

## **CUSTOMER SATISFACTION IN A SALES EXPERIENCE**

Salespeople need to hit or exceed their sales targets and also ensure that customers have a positive experience during the transaction. A pushy salesperson may indeed make sales but those customers won't return and they may spread the word of their bad experience to others. When hiring, training, and rewarding a sales or customer service team it is crucial to track the customer's experience rather

than solely relying on sales numbers, length of interaction, and so on. American Express provides a good example of putting these concepts into practice.

## **AMERICAN EXPRESS: RELATIONSHIP CARE**

American Express (Amex) offers credit card, travel, and financial services worldwide and is well known in its industry as an innovative leader in customer service. In fact, its approach to service, and therefore complaint avoidance and handling, is the envy of companies inside and outside of the finance industry. Amex is a single, globally integrated business unit with over twenty thousand employees involved in customer service in fifteen languages in twenty-two locations worldwide, serving sixty-three million customers.

In most companies, customer service is seen as a cost rather than as an investment. Therefore, when it is time to cut costs to update technology or make other necessary business expenditures, customer service is often the first place to get cut. In 2007, Jim Bush (executive vice president of world service) began a transformational approach to customer service that has led to astounding gains in customer satisfaction. His company's approach is trademarked and called *Relationship Care*. Before any changes were made, Amex gathered information from their customers to learn more about how they defined excellent service and what kinds of behaviors would be perceived as providing excellent service. Equally important, Amex asked their customer care professionals (CCPs) what would help them to do their job better: what kinds of technology, what kinds of philosophy, what incentives or support would they need? This information led them to institute a novel approach to service and complaint management, including a few characteristics of interest for managers everywhere, some of which may seem counterintuitive or at least counter to the decisions typically made by corporations in regards to customer service.

First, Amex changed its metrics in important ways. Rather than measuring the time spent on phone calls, the number of customers served in a given time period, and asking staff to follow scripts, Amex asks its CCPs to instead focus on allowing the customer's voice to be heard. Customers can make the call as long or short as they need it to be. CCPs have access to information on each customer that helps them to build on previous conversations with the customer. CCPs are encouraged to allow their own personalities to come through and to make a personal connection in the service of building a relationship with each

client they serve. By learning more about each client, the CCPs can figure out how best to meet their needs. Amex asks its CCPs to ensure the customer's needs and communication styles drive the way the communication occurs and the issues raised are addressed.

We recognize that great service is not about what the company thinks about its performance internally; it's all about what the customer thinks. So we stopped measuring our performance through "internal quality monitoring" and moved to [our current] model. After every service interaction, we ask customers whether they would recommend American Express to a friend based on their service experience. At its core, this program is about caring for customers in ways that deepen our relationship with them over time. Instead of just fixing customer problems, our people are empowered to go the extra step and offer tailored information about how the customers can get more value out of their relationship with American Express. (Bough, 2011)

So what metrics do they use when each call is a customized experience? Customers are asked only two questions: (1) would you refer us to a friend (RTF)? and (2) how would you rate your customer service experience? On the second point, "excellent" is the standard to which each CCP is held. By eliminating a more cumbersome and less useful internal monitoring system they were able to save significant time and costs used for the review and see gains in customer satisfaction (Manning, 2011). The old system was demoralizing to staff members who felt it didn't allow them the freedom to give great service and then measured them on metrics unrelated to actual customer satisfaction (e.g., length of call, etc.). In a related article, an expert on call center service explains, "Numbers surrounding talk time, productivity and customer-service satisfaction seem to tell the story of how adequately customer service representatives conform to a set of rules and *not* how well they engage, charm, understand and enjoy serving the customer" (Rains, 2011). Excellent customer service should be pleasing to the customer and convey a desire to sustain and nourish an ongoing, mutually beneficial relationship. In place of the old system, Amex now seeks to "enable, engage and empower employees" (Manning).

Second, Amex selects its CCPs carefully. As we have seen from Southwest Airlines, Amex believes they need to select employees with the right people skills and attitude. They can be trained to use the necessary technology or to learn about Amex's products and services but their crucial feature is their ability to build relationships with customers and focus on providing excellent service.

Rather than hiring employees with call center experience, they have instead focused on those with an aptitude and experience in customer service, whether that experience came from retail or another seemingly unrelated field. According to Jim Bush, the Amex vice president in charge of this revolutionary change in approach,

We looked at what distinguished our best performers. We determined that they truly “get” our brand, love to build relationships, are able to empathize and connect with customers over the phone, and have a passion for delivering exceptional service. We decided to focus on these abilities, which hadn’t always been taken into account during the hiring process. We decided not to worry so much about candidates’ previous call-center experience. We took our cue from that old basketball philosophy that “You can’t teach 7 feet.” One challenge we faced is that the intangibles we are looking for don’t always show up on résumés. To attract the right candidates, we changed the job descriptions to make clear that relationship skills are more important than the positions’ purely transactional elements. (Bush, 2011)

Amex looked to the fields of hospitality, cruise ship personnel, and other areas famous for having warm, friendly people. So although training remains important, what’s more important is selecting employees who have a passion to serve and wonderful people skills.

Once selected, Amex treats its people well. Their careers website sums up the American Express employment culture: “We strive to create an environment where people are respected, feel personally and professionally fulfilled, and look forward to coming to work. We empower our people to do the best job possible, while creating a life that’s truly extraordinary . . . Every employee has a development plan, which gives them the opportunity to map out what they want to achieve, how they want to get there and importantly, what support they need to do it.”

Third, CCPs are fully engaged in the service of building relationships with their customers and are rewarded for doing so. CCPs have performance targets based on the two metrics (RTF and excellence). “What gets measured, gets done” (Manning, 2011). They receive monthly financial incentives for meeting or exceeding those goals. “Employees can earn an incremental 25%–35% of their base pay if customers are satisfied” (Bush, 2011). Instead of spending 75 to 80 percent of their training dollars on technical training, Amex decided to spend 75 to 80 percent of its training funds on helping employees hone their listening and relationship-building skills (Manning, 2011).

The data are used to understand which employees are struggling with the skills of Relationship Care and offer them coaching for improvement, often from those whose scores indicate greater skills in these areas. This has worked so well that RTF scores have doubled in five years and put them among the elite in the field of customer service. How do the employees like these changes? Between 2006 and 2009, employee attrition was cut in half (Bush, 2011). So not only do happy customers make happy employees, it works the other way around.

Reena Panikar is the vice president of American Express's customer service center in Fort Lauderdale, Florida. She described changes the company made in six areas using input from call center employees: "professional recognition, workplace convenience, flexibility, compensation, career development, and policies and procedures. Other companies can learn from American Express's experience by adding a closed-loop voice of the employee (VoE) program to existing voice of the customer (VoC) efforts" (Burns, 2010). By tapping into the experiences, creativity, and hands-on knowledge of customer service personnel, American Express has been able to improve its customer service systems in ways that would have been impossible using only the knowledge and insights of upper management.

So how is it working? What's the bottom line? They have turned their customers into their biggest promoters. "Our promoters spend 20% to 25% more on the American Express card, and their attrition rate is six times lower" (Bough, 2011). American Express is "winning the hearts, minds and wallets of our customers by delivering extraordinary customer care, . . . [through] extraordinary people delivering extraordinary service at the right margins" (Manning, 2011).

## **CUSTOMER RECOVERY SYSTEMS**

**Customer recovery** refers to the policies and practices put into place to address a disgruntled customer with the goal of winning back the customer's loyalty and business. A customer recovery program is built on the foundation of a successful customer satisfaction and complaint tracking system. Customers need to have opportunities to share their experiences with management, either through a face-to-face interaction (e.g., in a restaurant setting) or via web surveys, online complaint lodging systems, and through telephonic systems. Organizations need to make it as easy as possible for customers to voice their dissatisfaction so that the problem can be rectified as early as possible before the customers feel the

need to spread the word about the bad experiences or, in the worst case scenario, file a lawsuit.

However the complaint is received, once received organizations need to have a system in place to respond quickly, efficiently, and appropriately to complaints. As mentioned in other chapters, it is helpful to give frontline staff the authority to resolve low-level grievances quickly, efficiently, and creatively to meet the customer's needs. This makes sense when a full or partial refund or a replacement is in order. These employees can also apologize for the problem and convey their desire to meet and exceed the customer's expectations. For more serious complaints such as product liability concerns, potential class actions, or when the complaint indicates a systemic problem with the product or service, it makes sense to have specially trained employees who can handle each matter individually. A good example of this comes from Toro, the lawn equipment company.

### **TORO: TURNING LIABILITY INTO ABILITY**

When you make and sell lawnmowers, it is inevitable that some customers will be injured during their use. Although it is in the company's interest to create products that are as easy and safe to use as possible, the nature of the product makes it likely that injuries will occasionally occur, despite the company's best efforts. When injuries happen, customers often resort to the courts, claiming the product was defective or that the injury could have been avoided through changes to the product's design. They typically seek damages for injuries or their families seek damages for wrongful death — settlements out of court or judgments received in a trial can potentially be in the millions of dollars. The bad press that results from these cases can result in untold damages to the brand name and product reputation, resulting in reduced sales. These suits have the potential to be a lose-lose for both sides and injured customers endure years of litigation in the process of seeking restitution.

Toro, based in Bloomington, Michigan, manufactures and sells more than \$1.3 billion a year worth of outdoor maintenance equipment (Aronson, 2011). More than a decade ago, Toro's Drew Byers created a program to deal with injury claims. The program uses ADR practices and precepts and is based on safety and prevention as well as the early investigation of accidents (Trevarthen, 2011). Rather than see product liability suits as an inevitable cost of doing business, Toro has taken the position that each claim is an opportunity to provide compassionate

customer service and gain information necessary to improve its product line in the hopes of consistently reducing the number and severity of accidents stemming from the use of its products.

When customers call Toro to notify them of an injury or when a suit is filed, the company has a nonattorney “product integrity specialist” contact the customers or their surviving relatives and express the company’s condolences. Then Toro enlists their help to investigate the accident immediately. The product integrity specialist has authority to offer a settlement to the parties. If an agreement about settlement is not reached through the product integrity specialist, then the parties are offered mediation. In the last two years, only one case has failed to settle using these two steps. “Although most sophisticated companies today participate in some type of mediation to resolve some of their products’ liability, commercial and employee disputes . . . Toro was the first to establish a two-step national mediation program, which it did in 1991. It was also the first company to hire a full time outside mediation counsel, they say. The . . . program is still held up as a national model” (Aronson, 2011).

The use of ADR processes and techniques at Toro began in 1990 with the hiring of James J. Seifert, now the general counsel for The Tennant Company, a manufacturer of street sweepers and floor scrubbers. Prior to Seifert’s hiring, Toro had pursued an aggressive litigation policy in the hopes of discouraging these claims and keeping settlements down. The result of this strategy was annual double-digit increases in litigation costs and the organization’s insurance premiums. With the leadership of Drew Byers and James Seifert, Toro changed its orientation toward these claimants from litigation adversaries to unhappy customers (Trevarthen, 2011). This orientation allowed a problem-solving approach that sees each incident as an opportunity to address a customer’s needs and improve the product line to avoid future similar incidents. The company sees about seventy liability complaints each year. Two-thirds of these are settled by the product liability specialists with nearly all of the remaining cases settling in mediation. The product liability specialists are trained as paralegals and tasked with meeting with the customers or their attorneys, face-to-face when possible, investigating the incident, interviewing witnesses, and examining the machine used in the incident. They bring along an engineer who is familiar with the equipment in question.

Jim Bruckner represented two burn victims who recently settled a case with Toro. He says he has not seen a company act as responsibly as Toro in his forty-four years of practicing law.



His two clients suffered second- and third-degree burns over about 20% of their bodies when the lawn mower being operated by one of them ignited on refueling. The accident took place in August 2001 and was settled in April. Toro had a huge legal incentive to settle the case because there had been a recall of 34,000 mowers for the refueling problem. Nonetheless, Bruckner says, “To settle a case like this in eight months from the time it happened, is extremely unique. . . I think it is the most rational thing they can do, particularly from the standpoint of their shareholders.” (Aronson, 2011)

One key factor in explaining Toro’s success in early settlement is the innovative way it pays its outside counsel. **Outside counsel** refers to attorneys hired from outside the organization to which legal matters are referred for settlement or litigation. Historically, these attorneys have less incentive to settle cases early because they are paid by the hour and early settlement reduces billable hours per case. **Inside counsel** refers to attorneys who are employees of an organization and are salaried. As a salaried employee, incentives for settlement may differ from outside counsel. To encourage early settlement, Toro pays its outside counsel a set fee annually, regardless of how many cases arise or how long each case takes to settle. Although the more customary hourly contracts incentivize prolonged litigation, this payment structure incentivizes early settlement (CPR Institute for Dispute Resolution, 2002). Lawrence McIntyre, Toro’s outside counsel representative, stated that the attorneys have “no incentive to have the case drag on one day longer than necessary” (CPR Institute for Dispute Resolution, 2002, p. 14). As a result, the attorneys share information with the plaintiffs regarding the accident investigation, model specifications, and any other information needed for both sides to assess or make offers of settlement. “How am I going to expect the plaintiff who is making a \$700,000 demand to settle for \$25,000 if I do not share the ‘smoking gun’ with him?” says one attorney for Toro (CPR Institute for Dispute Resolution, 2002, p. 15). Additionally, each mediation begins with a statement of apology to the plaintiff. This communicates the company’s sincere sympathy for the loss or injury and conveys a willingness to work together to make the situation better for everyone involved. Prior to the creation of the ADR program, Toro won 82 percent of the cases it took all the way through litigation but the average litigation cost per case was in the six-figure range (CPR Institute for Dispute Resolution, 2002). Not only was this inefficient, it did nothing to help repair the company image in customers’ minds.

The use of ADR to enhance customer service, reduce liability, and improve products has been a great success in terms of dollars spent and increases in customer loyalty and satisfaction. According to statistics for 1992 to 2000 on more than 900 products liability claims that referred to the program, Toro says it has cut its legal costs per claim (attorney fees and litigation expenses) by 78% — from an average of \$47,252 to \$10,420. Toro also says its average resolution amount for the period was reduced by 70%, from \$68,368 for settlements and verdicts to \$20,248 (Aronson, 2011).

In the first six years of its program, Toro estimates it saved \$50 million dollars with most claims settled within four months (CPR Institute for Dispute Resolution, 2002). In a 2002 interview, Byers of Toro claimed, “We decided that we wanted to regain control of our money, of our documents, of our reputation and of our time. . . We haven’t had a single corporate officer deposed in 11 years, since we started this program” (CPR Institute for Dispute Resolution, 2002, p. 13). Another benefit was a drop in the company’s insurance premiums of \$1.9 million in each of the program’s first three years (CPR Institute for Dispute Resolution, 2002).

Equally or more important, those who have suffered a loss appreciate this approach to dispute resolution. For example, Ms. Soles-Smith’s seventeen-year-old son was killed when the mower he was riding tipped over on an embankment. Her attorney states, “I told [Toro] from the start that I think it made a difference to my client that you came down and expressed condolences and took the matter seriously and seemed genuinely concerned” (Aronson, 2011). The case settled in mediation for \$500,000 although the plaintiff originally asked for more than three times that amount. Through their negotiations, the plaintiff and company were able to work together to discuss ways to make the product safer, including the creation of a safety advisory council. This held great value for the mother: “It appears they are willing to work with us in what I feel I need to do in Cory’s memory and that is to prevent anyone else from having to go through this” (Aronson, 2011, p. 1).

### **RITZ-CARLTON: EMPLOYEE EMPOWERMENT FOR “DELIGHTED” CUSTOMERS**

The Ritz-Carlton hotel chain seeks to “delight” its customers. This means they seek to exceed customer expectations every time, not just meet them. Recall from Chapter Nine that customer satisfaction is “a measure of how a firm’s

product or service performs compared to customers' expectations" (Zondiros, Konstantopoulos, & Tomaras, 2007, p. 1086). So part of the goal is not to overinflate customer expectations by overpromising. The second part of the equation is to overdeliver. By exceeding customer expectations, organizations are likely to win new customers and gain market share or improve their organization's reputation.

At the Ritz-Carlton Hotels, all personnel in direct contact with customers are empowered to drop what they are doing to help a customer or take actions to exceed their expectations. This means the front-desk staff, the concierge, housekeepers, food servers, everyone can tap into their own creativity and kindness to help out a customer who has had a bad day by sending them flowers or running an errand for them. In fact, a budget is set aside for these activities. If a customer is feeling sick, the staff might send them flowers or bring a special treat from the kitchen; whatever it takes to show they want the customer's experience to be memorable and unique. The Ritz-Carlton has realized that by empowering the staff to make the customers happy, they have made the employees happier, too. It turns out that random acts of kindness equate to stellar customer service, repeat business, and low employee turnover.

## **PUBLIC AND NONPROFIT SECTOR SERVICE DELIVERY**

The previous examples have used private sector organizations to illustrate the benefits of superior customer service systems and early compliant resolution methods as two sides of the same coin. But how can public sector organizations or nonprofits take these lessons and implement them for the benefit of their clients, customers, or patients? The same principles apply but it is occasionally harder to identify the customer. For some public agencies, nearly every person in the country is the customer or recipient of services. For example, the Department of Defense, the US Postal Service, and the US Environmental Protection Agency provide public goods that are supplied to all citizens and residents, whether or not they paid for them through taxes or user fees. In addition to the public, each of these agencies has more specific customers as well: Congress oversees their operations and can hold them accountable, they all have vendors and suppliers with whom relationships must be maintained, and they all have large numbers of employees on whom they can call for feedback to improve their operational efficiency. Although customers and clients for public sector managers may be different in some ways

from the private sector, the methods for designing and improving service delivery are remarkably similar. Monitoring service delivery and customer satisfaction is critical, as is gathering data from high-performing employees, hiring selectively, and rewarding those who perform well. “Today’s citizen-customer expects the same instant communication and instant government response that she gets every day from the business community. And customer service strategies, developed in the private sector, have refined these expectations. Customer experience strategy is not a competitive business tactic exclusive to the private sector anymore. It lies at the very heart of successful policy design and execution” (Deloitte, 2012).

### **PATIENT CARE ADVOCATES: REDUCING FORMAL COMPLAINTS IN HOSPITAL SETTINGS**

Hospitals are unique among organizations in that they can be private sector, for-profit endeavors or they can be run as nonprofit organizations. Either way, addressing patient complaints early is crucial to providing high-quality health care and avoiding future litigation. Toward those ends, many hospitals have created positions for conflict management experts who are on staff to intervene as soon as a conflict comes to light. These individuals are most commonly called *patient care advocates*, but they can hold other titles depending on whether they work under the auspices of the risk management or patient care departments.

A **patient care advocate (PCA)** works either in the emergency department or in the other parts of the hospital and is on call to manage patient complaints, to deescalate conflict when it arises, and to solve problems whenever possible. A few scenarios are illustrative:

- A patient in the emergency room becomes irate because he feels he is waiting longer than is fair and that other patients who arrived later than he did have already been seen. He is getting increasingly agitated and begins yelling at the staff. The PCA intervenes, takes him aside or to a private space for conversation. She listens to him and assures him that his needs will be met. She seeks out information from the other staff members to share with him regarding his expected wait time and the

reasons for the delay. She seeks to calm him down through listening and tells him she will be his point of contact in case other problems arise during his stay.

- In the maternity ward, a nurse is seen to be stumbling as she walks and could not walk without holding on to the rail on the wall for support. When a new mother asked that the nurse refrain from carrying her baby, the nurse exclaimed, “I haven’t dropped him yet! Let me do my job.” An argument ensued between the nurse (who was suffering from the flu but still reported to work) and the baby’s parents. The parents took a video of the nurse stumbling down the hall and threatened to post it on YouTube for the whole community to see. The PCA intervened, assured the parents that another nurse would be assigned to them instead, and contacted the nurse in charge to see that the sick nurse clocked out and went home until she was well enough to return to work.
- At a teaching hospital, a patient was recovering from surgery and under the influence of pain medication. The patient was about to receive a blood transfusion from a nursing student when she became panicked and yelled to the staff that her blood type was O positive rather than AB negative, as the label on the bag indicated. The nurse assured her that her blood had been drawn and the type had been checked twice. The nurse told her she was “woozy” from pain medication and she needed to trust the staff to do their jobs right. The patient picked up the phone and dialed 911. She verbally withdrew her consent for care and told them to stop treating her immediately. The nurse called the PCA advocate who arrived at the same time as the police. The PCA offered to have the patient’s blood type checked one more time to reassure the patient. She convinced the nurses this was a small price to pay to calm the patient and get on with her care. The patient said, “I’m forty-two years old and I donate blood every three months. I know what my blood type is, but go ahead and check it!” As it turned out, the patient was right, and the protocols for administering a blood transfusion were not being correctly followed in this hospital. A potential health care disaster and a lawsuit were averted.

PCAs do not need to be a nurse or medically trained specialist. In fact, the lack of specialized knowledge helps maintain their neutrality and their ability to view the situation with an outsider's eyes, the way a potential jury might do. This lack of inside information helps them ask similar questions that patients might ask or seek a layperson's explanation of a medical procedure or diagnosis on behalf of a confused patient.

Sometimes the PCA accompanies doctors as they deliver the news of a death to family members or checks in on patients to make sure all their questions have been answered clearly. The PCA is there to ensure that all patients receive the best service possible and address complaints and problems before they become formal complaints. There is an increased use of PCAs within hospital settings, a trend that indicates recognition of the benefits of early resolution for complaint prevention and customer recovery.

## **PUBLIC SECTOR: WHAT NOT TO DO**

The five o'clock news showed the White River bubbling like a child's bath. Huge soap bubbles frothed on both sides of the river, apparently the result of a spill of industrial waste into the stream. The reporter said, "Officials from the state's Department of Natural Resources (DNR) have traced the contamination back to the Smithville Industrial Chemical plant. Officials promise that the company will be forced to pay all the costs of cleanup from this spill. In the meantime, citizens are asked to stay away from the river and keep their pets away, too. As the contaminant continues to pour into the river, no one knows when this situation will end." In the next scene the same reporter is shown knocking on the door at the home of the owner of the Smithville Industrial Chemical plant. When the homeowner comes to the door she says, "Mr. Jones, what is your response to allegations from the DNR that your plant is spilling industrial waste into the White River?" Clearly in shock, Mr. Jones replies, "Really? I had no idea. Are you sure? Why didn't they contact me? I'll get to the plant right away and check it out!"

Clearly, the DNR was not meeting the needs of its customers—those it regulates nor the public as a whole. In their effort to build a case and find the "bad guy," they ignored the need for an immediate, problem-solving response. The first step to accomplishing the organizational mission is to maintain a problem-solving attitude!

As an aside . . . the pollution was not coming from the Smithville plant, but their failure to communicate with those they deem polluters worsened the severity of the emergency because it took a few days to locate the source of the contamination and shut it off.

## **CHILDREN'S HEALTH CARE OF ATLANTA: MEASURING AND REWARDING QUALITY PATIENT CARE**

Children's Healthcare of Atlanta (CHOA) is a chain of hospitals and clinics providing health care services to approximately 315,000 children inside and outside of the metro Atlanta region. With more than 7,500 employees and 6,500 volunteers, CHOA is a nonprofit health care provider and a leader in research and education on issues affecting pediatric healthcare (Children's Healthcare of Atlanta [CHOA], 2011). As an organization, CHOA has worked hard to measure patient satisfaction and outcomes, link those measurements to reward structures for employees, and seek consistent improvements in patient care and satisfaction. After patient visits, parents receive a satisfaction survey that asks them about their visit: everything from the cleanliness of the rooms to the friendliness of the receptionists, technicians, nurses, and doctors. Did they get the information they needed to make decisions regarding their child's care? Was the staff attentive to their child's pain management or other needs? Was the billing procedure clear and efficient? What ideas can parents share to improve the quality of care offered by CHOA? In addition to information gained from these surveys, the hospital can track readmission and infection rates. Each department has goals for patient care and satisfaction. Progress toward those goals as well as their attainment and maintenance result in financial rewards and recognition at the departmental and individual levels.

As it has grown, CHOA has acquired hospitals and clinics around Atlanta, each with its own culture toward customer service. By using uniform measures to track patient satisfaction and care, CHOA has made improvements in customer service in acquired organizations that had previously experienced great variation in satisfaction among patients and their parents. Although work remains to be done, particularly in fostering a uniform culture of patient-centered care across facilities, the use of these tracking and rewards systems provides a baseline of information necessary to make adjustments within individual units or facilities.

In addition to tracking and rewarding customer service directly, CHOA has developed a process to improve the products and services it receives through

its numerous suppliers of medical devices and equipment. Through the use of employee focus groups, the supply chain manager gathers information about the products regularly used for patient care: from the syringes and bed pans to the electronic heart monitors and surgical supplies. Nurses, doctors, janitorial staff, and others are asked to share what they like about the product, what they don't like, and ideas for product improvements. That information is then shared with the products' manufacturers and vendors and used to negotiate improvements in products. The supply chain manager is trained in negotiation, facilitation, and conflict management skills as well as systems design (see Chapter Eight). She uses these skills to gather and process information to make systemwide improvements with regard to the supplies used throughout the organization.

CHOA's efforts to measure, reward, and improve patient services have resulted in numerous awards and national recognition. *US News & World Report* has listed CHOA on its "one hundred best companies to work for" list every year since 2004, as has *Working Mother* magazine since 2006. In 2009, CHOA made the "top ten pediatric hospitals" list for *Parents* magazine. Although it strives for continual improvement, CHOA's efforts to measure, reward, and improve care have resulted in an organization with low employee turnover and high patient satisfaction.

## **CUSTOMER SERVICE IN THE NONPROFIT SECTOR**

Helping Hands (HH) is a nonprofit that seeks to prevent homelessness as well as serve the needs of the homeless in their urban community. In order to better meet the needs of their customers (the homeless and those facing homelessness) and also meet the needs of the broader community, the director of HH secured the services of some volunteers from the local college's social work program to interview service recipients to learn more about how HH might better meet their needs. The interview included questions about what led customers to seek services from HH, had they been there before, as well as what services they might need to have a stable housing situation. The volunteers also gathered information on the customers' perceptions of the facility's cleanliness, safety, and friendliness.

Using this information, HH instituted a number of changes including the use of a new mediation program designed to prevent homelessness and restore the recently homeless into the homes of their families or friends. The survey indicated that many of the homeless clients had family members with whom they would



like to live either temporarily or permanently but unresolved conflicts prevented this from happening. Sometimes the conflicts revolved around issues of money, chores, and other contributions the client could make to the household. Other times, there were differences with respect to house rules that caused conflict (e.g., curfews, use of foul language, concerns about drinking, etc.). When both sides were willing to do so, specially trained mediators would discuss these matters to see if a mutually agreeable solution could be found. If so, a behavioral contract and ground rules were drawn up that each party committed to abide by. Mediators checked in after three, seven, fourteen, and thirty days to see how the agreements were working and to conduct additional mediations as necessary. Each agreement included a list of services that HH could provide to help support the goal of keeping the client housed with family and friends as they transitioned to eventual independence. These services often included assistance with the process of applying for Social Security, unemployment, food stamps, job training, or other programs. Sometimes they included assistance with drug or alcohol rehabilitation treatment, outplacement during daytime hours, or other services.

As a result of the feedback from these endeavors, the incidence of repeated homelessness declined 32 percent in six months and improvements were made to the facility and staff training programs. The ultimate measure of customer service—levels of homelessness—dropped, indicating increased achievement of the organizational mission and putting HH in a good position with its funders.

## **CONCLUSION**

Whether in the private, public, or nonprofit sector, leaders in customer service have a few things in common: they gather feedback about customer's experiences, they make it easy for customers to share their concerns or complaints, they empower employees to resolve problems at the lowest level possible, and they see the connection between customer service and the collaborative resolution of complaints. Similar to other types of conflict, customer complaints provide an opportunity to demonstrate the importance an organization places on maintaining a positive working relationship with each customer. As Rita Callahan, organizational conflict management specialist, notes, "Ah, conflict . . . an opportunity to enhance this relationship" (personal communication). The way in which your organization addresses conflict with its customers and constituents sends a signal to them. Be sure it is the signal you wish to send.

## JOHN REDESIGNS CUSTOMER SERVICE AT THE BUREAU OF RECLAMATION

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John decided to hold a meeting with each department manager to learn more about the underlying sources of delay on the permit review process. He began by explaining that his goal was not to bust heads or point the blame at any one manager or department. His goal was to gather information on the source of the delays and brainstorm ideas about how to improve the process. Once his managers understood they were not in trouble, they began to share information about the inner workings of their departments.

Similar to nearly all public agencies, the first unanimous complaint from the managers was that they were understaffed. There had been a statewide freeze on hiring for more than a year due to budget problems. As a result, when employees retired, they were not being replaced and each department manager voiced a concern about understaffing. John conveyed sympathy with their collective plight and asked the managers to work with him to ensure their personnel resources were being deployed as efficiently as possible in light of the staffing situation.

Next, John learned more about the existing system for tracking license applications from the time they were submitted until the time they were approved. It turns out there wasn't much of one. Each application was contained in a paper file and a check-off sheet was used to determine which departments had reviewed and approved the application. Once all departments had given their approval, the application was filed with other existing applications. There was no formal process for notifying the mining company that had applied for the license. "Usually they call to check on it after a while, we chase it down, and then let them know the status."

Based on this information, it was determined that some files literally would get forgotten on someone's desktop for months at a time until an inquiry was made, at which time the file would move to the top of the pile and eventually move on to the next department. John calls this the "squeaky wheel gets the grease" method of application processing. No feedback mechanisms had been created to gather customer service feedback from applicants or others involved in the licensing process.

To remedy the situation, John instituted the following:

- An online submission and tracking process for all license applications and renewals. Through this system the applicant, members of the public, and any internal employee could check on the status of the application, see which departments had issued a recommendation, which had not, and the average time the application spent in each department.
- In consultation with each department's staff, goals related to processing time were created. The online system was set to generate quarterly reports to John, showing the time each department spent in application review and whether they were meeting its goals.
- At the end of each application process, a decision was rendered that either approved or declined the license application. The point of contact for the mining company was then sent an online feedback survey that asked the following questions: "Did the bureau respond to your inquiries in a reasonable time frame? Were your questions answered completely? If your application was denied, were the reasons for the denial fully explained? What can the bureau do to improve the efficiency and quality of the application review process?"
- Because the bureau processes approximately thirty applications or renewals each year, each survey would be read by John's assistant director and feedback would be provided to departments during quarterly meetings.
- Working with the union, John designed an incentive system by which those departments and individuals who met objective targets for improved customer service would receive recognition (e.g., employee of the month and year) as well as rewards (e.g., first in line for merit raises).

Using this system, the time necessary to process applications and renewals dropped by 25 percent in the first quarter and continues to improve. John sent a memo to all existing license holders in the state to explain the new feedback and tracking system and to enlist their support in his efforts to continually improve the agency's efficiency and fairness in the allocation of the agency's personnel resources. When John gets

phone calls from mining company executives, which still happens from time to time, he is able to log into the system and tell the caller the exact status of the application. He can also see where it is stuck and then communicate with that manager to learn more about the source of the delay. This allows John to allocate resources where and when they can do the most good.

This system has been so well received that John has had a few inquiries from other agency heads seeking out his advice for their own improvements. John and his agency are now seen as emerging leaders in the area of public sector customer service.

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## KEY WORDS

Customer recovery

Outside counsel

Inside counsel

Patient care advocate (PCA)

## SUGGESTED SUPPLEMENTAL READING

Froehle, C. M. (2006). Service personnel, technology, and their interaction in influencing customer satisfaction. *Decision Sciences*, 37, 5–38.

Harris, L. C., & Ogbonna, E. (2010). Hiding customer complaints: Studying the motivations and forms of service employees' complaint concealment behaviours. *British Journal of Management*, 21, 262–279.

## DISCUSSION QUESTIONS

1. Think, pair, share: Think back to the best customer service you have experienced recently. What made it so good? What can you learn from that experience to translate to your current organization?
2. Who are the external stakeholders for your organization? How would they rate the service they receive? If you could make one change to improve your customer, client, or patient's experience what would it be? What costs would be incurred by making this change and who would need to support this change internally?

3. Changes to customer service systems must be authorized from the highest tier of the organization's leadership structure. Yet good customer service is built on changes at the frontlines of the organization. What changes can you personally make in order to improve the experience of your customers and clients?

## **EXERCISE**

1. How do the customer service techniques in this chapter compare to those of your organization? Create a list of those strategies or techniques you read about in this chapter that might be of use to your organization.