

Table of Contents

❖ Executive Summary.....	2
❖ Problem.....	3
❖ Solutions.....	5
○ Repair Training Program for Installers.....	5
○ Provide Incentive for Customers to Return Evaluation Survey.....	6
○ Give Customers A Small Gift Upon Ordering.....	7
❖ Personnel.....	7
❖ Budget.....	7
❖ Appendix A: References.....	9

Executive Summary: Proposal to Increase Customer Service for Windo VanGo

Having worked for you for many years, I have seen firsthand that Windo VanGo's customer service is neither where it should be nor where you believe it to be. I have thoroughly researched the causes of this problem and propose solutions to improve Windo VanGo's customer service. I am confident that, should you choose to implement these solutions, you will see customer service improve and revenues rise.

Problem

1. Customer satisfaction is lower than it should be because **you lack the proper perception of customer satisfaction** and because **customer service has gradually been decreasing in recent years.**
2. **Customers have become more particular about their window treatments** and have become harder to please because their order represents a larger portion of their expendable income than it did a decade ago.
3. Manufacturers have hired cheaper labor, which results in **products arriving damaged.** This causes customers to be very unhappy because it means that their order will take approximately an additional month to complete.

Solution

1. By **training installers to repair damaged window treatments**, Windo VanGo can decrease the number of trips required to complete an order and reinforce the image that Windo VanGo employees are competent and professional.
2. You can **provide an incentive for customers to return the Evaluation Surveys** in order to ensure that as many surveys are returned as possible.
3. **Giving a small gift to customers at the beginning of their order** rather than at the end will help by making customers less particular about their window treatments, and causing them to be more accepting of minor problems.

Personnel

The only additional personnel required for these solutions is a repair technician to train the installers to repair damaged treatments.

Budget

The training program is the only strategy that requires an additional cost. That cost is the combined wages of all employees participating in the program for one workday.

Problem

Windo VanGo has recently been suffering from low customer satisfaction. Because Windo VanGo is a high-end service company, referrals from past customers are likely the most valuable leads Windo VanGo can obtain. According to a survey of 1000 of Windo VanGo's customers, 46.8% of the company's orders come from referrals or previous customers. Naturally, customers give these referrals only if they are completely satisfied with their experience. If Windo VanGo does not significantly increase customer satisfaction, the company will miss out on potential referrals and large numbers of potential sales.

The reason that you have overlooked this problem for as long as you have is because the problem has gradually increased over the past several years, and because you base your estimation of customer service on only a small sample of Windo VanGo's customer base. You lack the opportunity to see customers' reactions when the product is installed, so the only way that management knows how satisfied customers are is through the evaluation surveys.

The primary system that Windo VanGo uses to track the satisfaction of its customers, the Evaluation Survey, is flawed. Very few customers take the time to fill out the survey, and those who do fill out the survey are typically those customers who have an extreme opinion on the quality of service they received. From January 1, 2010, to the next October 27, 35 customers returned the Evaluation Survey from a pool of 326 customers, which is only 10.74% of all customers. This is not an adequate enough response to judge the effectiveness of the company's customer service.

While Windo VanGo follows a standard procedure for keeping in contact with customers, these contacts can be inconsistent. Although each customer is supposed to be contacted each week while their order is being shipped and again after the order is installed, I have heard several customers mention that they had not been contacted at all. Recently, a customer mentioned that she had never gotten a call about the status of her order, but instead received a card in the mail that said that her product had already been shipped. When she called the office to ask about her order, the employee told her that her order had not yet arrived. Such inconsistency makes Windo VanGo look disorganized and unprofessional.

The Customer Report Cards for each customer are intended to limit such inconsistencies, but in practice, they merely serve to document the problem's extent. Requiring each employee to initial the report card whenever a customer is contacted does nothing to ensure that the customer is actually contacted. If the employee forgets to contact the customer, the employee will also forget to initial the report card.

For many years, the company has been quite successful, but Windo VanGo has seen decreased revenues recently because of a lack of focus on customer satisfaction. In 2005, Windo VanGo earned gross revenues just below \$2.5 million, but in 2009 revenues totaled less than \$1 million (Appendix A tracks this decline). This decline can both be attributed to the recent recession and to a diminished focus on customer satisfaction. The National Bureau of Economic Research defines the beginning of the recession as December of 2007, but Windo VanGo's gross revenue began to decline in 2005. This dwindling of revenues must therefore be attributed to an internal cause.

The customer satisfaction problem that has been plaguing Windo VanGo seems to have begun in May 2009. This period occurred after the worst of the recent recession had already hit the United States, and people were beginning to see effects of the recession in Europe. Consumers have considerably less expendable income than they had had in previous years. Because window treatments are a normal good, or a product whose demand decreases when income decreases, many people chose to forego the high-quality products and service that Windo VanGo offers in favor of a more economical window treatment.

The effects of the recession can still be seen quite clearly in the behavior of today's consumers. A decrease in aggregate expendable income has led to a decrease in sales for Windo VanGo. The people that still purchase from the company have become more demanding. Where a small fabric defect would not have upset a customer before the recession, the same defect now causes great distress, since customers have to sacrifice more wealth than before in order to purchase window treatments.

Another of the recession's effects on Windo VanGo's customer satisfaction actually stems from faults in the manufacturing processes of the company's suppliers. In 2009, repairs made up 45.82% of all of Windo VanGo's house calls. In the face of falling revenues, manufacturers have fired many factory workers and have replaced them with cheaper labor. These actions have resulted in lower product quality and longer lead times. Products, on average, take an extra week to ship. When the products arrive, they are much more likely to be defective.

Windo VanGo has been forced to take the blame for many manufacturer errors. For example, Windo VanGo recently sold three shutters to a woman. Due to a mistake made by the manufacturer, the product was slightly whiter than what she had ordered. New shutters had to be ordered, but since the lead time for a set of shutters is approximately six weeks, the customer was very upset by the time her new shutters were installed.

Such errors damage Windo VanGo's reputation. When a customer is dissatisfied with their product or service, they immediately look for someone to blame. Because the customer nearly always notices a problem during or at the conclusion of an installation, the installer typically takes the blame for the error, though it may not be his fault. Even though the installer may try to reason with the customer, it is much easier to blame the person that is in front of you than it is to blame a company that you have never seen. If the installer leaves the customer's home while the customer still blames Windo VanGo, the company has lost any chance of obtaining a referral from that customer, and likely from any friends the customer may have.

As you know, referrals are quite valuable, because they have a much higher chance to turn into a sale than any other type of lead. Referrals tend to multiply so if Windo VanGo can significantly increase customer satisfaction, the amount of referral leads should increase over time. As referral leads grow, revenue grows along with it at a slightly reduced rate. It is by this relationship that you can see that customer satisfaction is linked to revenue and is therefore imperative to Windo VanGo's interests.

Solution

I therefore propose that Windo VanGo implement the following three-part solution. Because any number of these solutions may be used, I have prioritized them by cost-effectiveness.

Institute a Repair Training Program for Installers

Customers tend to be most unhappy when the product they paid and waited for is delivered damaged. Fortunately, this damage is often reversible. Windo VanGo is already equipped with the materials, tools, and personnel required who can implement this strategy, so the only cost is that of the lost time that it would take to train the employees. This tactic will improve customer satisfaction by ensuring that the product is in working order upon installation, and it will further reinforce the image that Windo VanGo employees are well-trained and competent.

In order to train the installers to repair the window treatments, Windo VanGo must develop and host a repair training program. This program could be condensed into one workday to minimize lost time. The program would likely have to be scheduled on a light Saturday, so

that the session does not conflict with installations. The cost of this program would only be the wages paid to the employees participating in the program.

Because Windo VanGo was recently certified as a Hunter Douglas Repair Center, Windo VanGo already owns in stock the replacement parts and tools for repairing damaged window treatments. We also own videos showing proper methods and techniques for repairing treatments. Once an installer is trained in repair techniques, he would carry a kit of tools and supplies necessary for repair work in his van at all times. When a repair is necessary, the installer will be able to repair the treatment in the customer's home at the time of installation.

While the costs of the training program represent several hundred dollars, the program's potential savings could pay for the cost of the program. Ignoring the effects of customer satisfaction and referrals, having the installers trained to handle repairs will result in fewer trips to a customer's home. When a product is damaged, the product must be taken back to the office, and the repaired product must be taken to the customer's house when it arrives, resulting in two extra trips to the customer's house. These two trips combined cost Windo VanGo approximately \$150. The repair training program will be able to pay for itself by saving on trip costs in a month or less.

This solution will improve customer satisfaction because it decreases the average time of an order. Customers become very upset when an order takes any longer than what they were originally communicated, but training installers to repair damaged products will significantly decrease the total time of the order for several customers. This detail, in combination with the fact that training the installers in this way will decrease the amount of trips necessary to complete an order and thereby reduce the cost of orders, makes this solution a very effective one.

Provide an Incentive for Sending Back the Evaluation Surveys

Part of the reason that Windo VanGo has this customer service problem is because you are not properly informed of customers' satisfaction and dissatisfaction levels. By providing an incentive for filling out and returning the Customer Evaluation Surveys, a far greater percentage of customers will send the surveys in. This will ensure that you will have a more accurate view of customer service in the future.

One reason that customers may not return the surveys is because they simply do not remember. The customer is given the survey upon completion of the installation, and the customer is responsible for sending the survey in on their own time. To combat this, installers could ask the customer to complete the survey while the installer is preparing the rest of the paperwork. It usually takes about a minute to prepare the paperwork, which is more than enough time for the customer to fill out the survey.

A good way of implementing this plan is by offering each customer a \$20 credit on their order if they complete and return the survey directly to the installer. If necessary, Windo VanGo could increase the cost of all of its orders by \$20 to offset the cost of this incentive. While this strategy does not directly increase customer satisfaction, it can greatly improve manager's awareness of customer service, which is very important in order to maintain high levels of customer service.

Give Customers a Small Gift Upon Ordering

Windo VanGo currently gives customers a bag of coffee and biscotti upon completion of the installation, but this gesture is feeble. At the completion of their order, customers have already decided whether or not they had a good experience. While offering the coffee to an already happy customer makes them even happier, giving the same gift to an dissatisfied customer will do little to change their mind. Because Windo VanGo already gives small gifts to customers, altering this strategy will result in no extra cost to the company

By offering the gift at the beginning of the customer's experience rather than at the end, you can make a customer more satisfied throughout the ordering process. If a product becomes damaged or an installer is late, the customer will be less dissatisfied because the customer had a positive view of the company from the beginning. The customer will also be less picky about their order because, since the customer already has a positive view of Windo VanGo, the customer will have more confidence that the company has hired competent installers and has ensured that the product is perfect.

Personnel

The only solution that requires extra personnel is the repair training program. In order to teach installers to repair damaged window treatments, they must have a competent repair technician in order to instruct them as simple videos are often insufficient. Repairing window treatments is an intricate task, and one can learn better by performing the task along with an instructor.

Budget

Train installers to repair damaged products

The cost of this program would equal the combined wages of all employees attending for 2 workdays. Because Windo VanGo already owns the program's tools, supplies, and training materials, no other costs exist. However, this cost can be seen as an investment, as the program will pay for itself in very little time.

Provide an incentive for sending back Evaluation Surveys

This solution will cost twenty dollars for each new order. Because this may become a very costly expense for the company, I recommend that you increase the price of new orders by twenty dollars in order to cover this expense. This should not add any extra financial burden to customers as they can very easily gain this money back.

Give customers a small gift upon ordering

Because Windo VanGo already provides small gifts for customers upon completion of installation, this solution represents no added expense. While the coffee and biscotti represent a small expense to the company, this solution only changes the timing of this particular activity.

Appendix A: References

1. Expert References

- a. Dr. Mark Wellman, professor specializing in management, R.H. Smith School of Business

2. Data Resources

- a. <http://data.worldbank.org>
- b. Statistical data of Evaluation Surveys
- c. Statistical data of repairs