

Poor customer service equals 17% drop in revenue

Bad customer service is bad for the bottom line, as revealed by an international study conducted by The Human Edge's US affiliate, VitalSmarts. It showed that the average employee witnesses 19 incidents of customer abuse per year. These incidents together, result in a 17% drop in revenue annually per customer.



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Helene Vermaak, director at The Human Edge says, “Very few employees report incidents of bad service and the study found that in most organisations only 7% of employees can be counted on to speak up – despite the fact that 66% said they are capable of helping to solve the customer’s problem.

“The major issue facing organisations is that people do not hold one another accountable for their actions. There is a ‘crisis of silence’ in the corporate world. This lack of accountability is having a destructive effect on organisations. The good news is that the study has shown that organisations can recoup their losses by creating a culture in which employees feel empowered to speak up and confront incidents of poor service.”

The study revealed that 75% of business-to-consumer customers say that poor service negatively affects the business they do with a company by 50% or more, versus 42% of business-to-business customers.

“Another interesting result was that the lack of customer service is also an issue of motivation rather than ability. Two-thirds

of respondents say that they can resolve the customer's problem well enough to avoid any loss of business, but they do not speak up. It is therefore clear that the crisis of silence is not so much a lack of ability rather than a lack of motivation."

To contest this crisis of silence, Vermaak recommends management address the issue of silence with employees and share examples of not speaking up and the consequences thereof. "It is important to provide teams with positive anecdotes and highlight the opportunities for the business.

"A company's culture is one of the most important factors that regulate individual performance. Successful organisations are dependent on management creating a culture where anyone can hold anyone else accountable – managers to employees, employees to managers and peers to peers. The core value in this culture is not power but results," concludes Vermaak.

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