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The Value of Surveys

Customer Surveys – Forgotten, Unknown Treasures

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Why Conduct Customer, Supplier, and Employee Surveys?

Customer Survey – A Few Objectives

Early on discussions need to identify a client's objectives, direction of the company, and what an ideal customer survey report provides? Addressing these issues should emanate from discussions, preferably with senior client management, a top Account Executive, a Business Development Director, a Chief Financial Officer (CFO), and President. These discussions may seem laborious, and even pedestrian. However, count on them to allow a research organization or independent advisor to lay out a more comprehensive plan of customer inquiry that delivers profound results that effectively serves the client for at least one to two years.

I have *scratched my head* more than once, while promoting, developing, and delivering customer survey results to clients. I have asked myself: *What could they have accomplished with these types of results, two or three years earlier?*

On average, we deliver for the majority of our clients between 5 and 10 percent of additional business opportunities from current customers, from our customer survey process. We have produced over 200 customer surveys for clients over about 25 years. Few companies in our industry grow 5 – 10 percent a year in revenues, year after year.

I have observed that as a company improves its relationship with its customers through customer survey feedback and follow-up, it grows not just its revenues, but also improves its profitability. (***Note:*** *Revenue increases from current customers tend to be distinctively better, and more predictable than from prospects.*)

An investment of $5,000 to $9,000 from a company with annual revenues of $5 million to $15 million, with a history of decent customer communications, and low customer attrition, should expect to generate between $250,000 and $1,000,000 of additional revenue opportunities from current customers. (***Note:*** *Our customer survey process requires between 150 and 200 hours of staff and my time.* *No two Surveys are ever the same as a previous Survey*. *All Clients receive original Survey work – that "fits" their objectives and needs*.)

Revenues and Margins Are Not All That Can (and Need to) Improve
Survey sponsors should also receive feedback on what products and services are underpriced, overpriced, and underserved. They should also track potential requests for additional products and services, as well as referrals.

Examples of areas for improvement can range from:

(a) phone systems to
(b) improved Quote response standards to
(c) invoicing accuracy and/or promptness to
(d) employee courtesy during press-checks to
(e) delivery, packaging and labeling accuracy to
(f) repeated poor communications follow-up to
(g) lack of understanding what the suppliers' capabilities are to
(h) willingness to provide data on potentially invaluable referrals.

Companies should also request feedback on what needs to be changed, or improved that was not previously asked for or provided. When customers volunteer in their own words what they wish could be improved that the survey did not ask, these are likely areas that need attention.

Why Survey Current Customers Only, and Not Prospects?
Prospects tend to not respond to surveys from suppliers they do not know or are not using. (**Note:** *Response rates tend to be a measure of importance of the supplier to its customers. When mixing response rates and feedback from prospects with current customers, current customers' feedback tends to be reduced in visibility and importance.*)

Additionally, prospects tend to not tell you anything about their company that is relevant or credible. This is because they do not know you.

A headstrong CEO insisted on a "reward" for responding to his company's survey, but was willing to allow us to send half of his mailing list a survey that did not offer a reward. Our response rate for each list was similar. However, anonymity was lost from his "reward" list because respondents were identified and, therefore, the responses from those respondents had lower credibility.

Finally, I'd be extremely hesitant to comingle evaluations and responses from customers and prospects. One group has little reason to tell the truth, and the other group may tell me things that are significant but which get muddled down when included with prospects' responses.

Though we are consistent with these instructions, sometimes a President will just want to know what a target prospect or previous large customer thinks of him, <u>or his company</u>. Responses from those organizations can be a distraction. For instance, I received a call that sounded like, "*I can't believe your client wanted my opinion, or included us in your mailing, after the way they handled that project two years ago.*"

Written vs. Electronic Surveys
This is one of the more controversial issues. Today's generation prefers "digital." It is faster, less expensive, easier to administer, and you may get a decent rate of response, partly because you can resend your survey recipient another electronic survey request if they do not respond in an expected period of time. (**Note:** *Remember, response rates are a measure of how important the supplier is to that customer*.)

On the downside, electronic surveys typically do not allow the recipients to see the entire survey, and often do not permit going back to add or change a previous response.

<u>Additionally</u>, written surveys appear more important than electronic surveys, are perceived to be more credible (they came from whom they say they came from), and allow respondents to see the entire survey. This allows respondents to provide more informed responses, and to know that, for example, a well-laid-out four-page survey is inviting and worth their time. Electronic surveys also do not allow more than one person in a department to respond. (**Note:** *<u>Written</u> surveys longer than four pages tend to have lower response rates.*)

There are circumstances when an electronic survey should be used. If, for example, a university has an in-plant department, or a corporation has an in-plant department, and most of their communications are by email, then I endorse an electronic survey. We once produced a customer survey for a software company where total communication was by email. Hence, their survey was electronic.

We tend to generate a 25 to 35 percent written survey response rate for our clients, with significant qualitative comments from respondents. Multiple consultants that I respect have volunteered to me that our response rates are above what they have achieved, and asked if I would share any of what I do (which I did, but not all).

Our highest recorded client written survey response rate was 46 percent. However, that client was unusual. Our client had personal relationships with a significant percentage of his customers, and his work ethic was second to none. From the time we began working with him, his company began growing, even in the midst of Covid-19, at a higher that 25 percent increase in revenues per year.

Making our response rate expectations tougher for us to achieve, we work to send multiple surveys to many customer organizations of our client. **Our key instruction to our client:** *We want to send a survey to all customers who bought over $1,000 in the last 12 months – AND – to all individuals at those customers who are recognized to influence the buying decision.*

Why customers that small starting with $1,000? It is because all customers influence our clients' market reputation, opportunities for referrals, and customer-market intelligence.

Why Multiple Recipients at the Same Organization?
Customer organizations are political. Most individuals in them operate in "silos" without their best communication between departments, and there is often ongoing "turf jealousy."

When we ask strategic questions such as:
Would you like to discuss reducing your warehousing and fulfillment costs, and transfer those activities to a nearby trusted supplier such as Acme Printing?
<u>(Please choose one.)</u> ______Yes ______No ______Yes, But not now
Comments:____
____
____

It is somewhat predictable that I may receive multiple surveys returned from the same customer organization with different answers to such questions. This type of response pattern was expected by design. This <u>response pattern</u> allowed my survey sponsor to be coached to follow-up on all returned surveys, asking for proper and diplomatic discussions with those who checked-off "**Yes**" when not all returned surveys checked off "Yes" <u>on a strategic question</u>.

Timing of Survey Mailings and Communications
We want survey respondents to **not** receive our client's survey on a Monday, on a Friday, before or right after a holiday, on the last week of the month, and preferably not during peak summer vacation periods. Depending on the mail service and general destination of survey recipients, we tend to mail on a Friday or Saturday to avoid receipt of the survey on a

Monday. We have found that an email announcement to survey recipients from our client's President about a week before their survey is received helps response rates.

After about three weeks of returns, we send a second survey mailing to our client's survey list to those who have not responded. The response rate from this second mailing tends to be about 50 percent of the response from the first mailing, collectively generating the 25 to 35 percent response rate.

Other Issues That Affect Response Rate and Useful Respondent Feedback: Surveys

Design, Questions, and Other Details That Affect Responses

If possible, keep your client's survey to no more than four pages. The first page should be from the sponsor's President, with personal signature, and explain: *Why the survey and the potential benefits for respondents when filling it out and returning it?*

Pages 2 through 4 should be designed to be "open." By "open" I mean not crowded, with multiline opportunities for volunteered comments after each question.

Questions Should Be Easy to Mark or Check-Off

The first question on page 2 should be so easy to answer that it invites your respondent into the survey, and progressively becomes more thoughtful as we work to page 4.

Design of Questions is Critical and Affects Response Rate

I try to vary the format of questions so that each page has an interesting, inviting look about it. But remember to keep your questions and the space in and around them somewhat open. This is so that your respondent is never faced with too many questions, and too little space to provide responses.

Always use real postage stamps, not indicia for outgoing and return envelopes. (**Note:** Maximum size of mailing list we have coded and managed is about 10,000.) The address on your recipient's envelope should appear individually addressed and have the appearance that the contents are important, because they are! Use uppercase and lowercase letters, preferably 14 to 16-point. Titles of recipient positions are also helpful for appearing important and must be correct. Correct spelling, and "Mr." or "Ms." should always be used. (**Note:** *Clients often send us lists with only a first name of their contact. We do not accept that, and ask them to obtain and send the last names.*) Also, be accurate about gender when you insert "Mr." or "Ms."

Importance of Anonymity
In an age of personalization, I strongly recommend a generic solution, e.g., *Dear Valued Customer*. This implies anonymity, though all surveys, for proper follow-up, are coded. Why is this so? Marriage counselors will tell you that couples give them different answers when they are both in the room vs. when only one of them is in the room. I want complete truth for my client. Similarly, if the survey implies anonymity, and their remarks say: *Everything is great, or the best of all our suppliers*, then you can "take that to the bank."

Customer Survey Content Flow

Strategic Opportunities
Earlier, I inferred that a properly designed customer survey should have a "flow" that alerts your respondent to what the survey sponsor offers, and that the respondent is not being taken advantage of. Questions on page 4 are designed to elevate opportunities for our sponsor to become more strategically important.

Page 4 is where I tend to begin asking skillfully questions about interest in discussing:

a) Consolidation of suppliers for lower (procurement) costs, and improved more consistent quality.
b) Reducing suppliers with access to highly confidential information, e.g., customers, prospects, employees, and supplier lists.
c) Improved ROI from industry expositions.
d) Updating of website and self-promotion materials.
e) Reduced costs and improved services for storage and fulfillment.
f) Willingness to provide a referral.

There is also the opportunity at the bottom of page 4 for your respondent to sign their survey. Their signature provides permission for your sponsor to follow-up directly and immediately!

While pages 2 and 3 are treasures, the "gold mine" comes from page 4.

How to Follow-up and Not Follow-up Results
Our *Summary Report* tends to run 50 – 70 pages. I ask to review it personally with my client's President and Business Development Director. Other senior managers are also invited. Everyone at that level receives a bound or "office" copy.

Our in-person Survey Analysis Review is page-by-page and tends to require three to four hours. (**Note:** *Clients receive their copy for personal review approximately one week prior to my visit or online review. I tend to send an "office copy" to each senior manager for their note taking and recommend multiple readings – before the Review. I also provide a finished and bound copy.*) Often, I'll leave that discussion with two to five pages of notes that also require follow-up correspondence.

We strongly recommend that our client forward their own One-page Customer Survey Summary Report from their President to all survey recipients, whether or not those survey recipients responded. We are glad to draft that report for our client's President, which we recommend be rewritten in the President's own words.

Receipt of this *Customer Survey Summary Report* from the sponsor's President is powerful self-promotion – plus it encourages future survey response rates, as almost no one who fills out a customer survey ever receives any feedback about what to expect to be different. However, receiving a survey summary report provides transparency to respondents about what was learned and what should be improved. (**Note:** *We encourage the President's Customer Survey Summary Report also be sent to suppliers, and especially financial supporters, target prospects, employees, and stockholders.*)

What Not to Do

We have learned over time that follow-up of the survey results, especially strong survey opportunities, not be delegated to all account executives, but only to the most positively aggressive and competent representatives.

We strongly recommend that senior management be directly involved in follow-up , and that individual customers receive copies of their survey in advance of a personal visit or discussion **if they signed it**. This simple act of courtesy serves to elevate productive discussions.

For those customers who did not sign their survey, general self-promotion communications are best while the business development team engages in thoughtful discussions for how best to follow-up on non-signed surveys.

We always warn: Allowing direct customer service representatives (CSRs) and account executives to see actual surveys of customers they service can change day-to-day working relationships. Be thoughtful and discreet.

As your organization gains significantly from a customer survey, my opinion is that one should be conducted about every two to three years for continuous improvement – as customers' needs and expectations change.

Employee Surveys – Supplier Surveys

These surveys are equally valuable in my experience, but tend – such as customer surveys – to need situational review, clarity of objectives, preparation, and thoughtful execution and follow-up. Conducting such surveys about every two to three years seems prudent based on what is learned from your first survey.

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Sid Chadwick has spent his professional life in business-to-business engagements raising revenues, improving margins, and improving organizational development for customers.

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