



Avoid Them At Your Own Risk!

 STACKPOLE & Associates, Inc.

The Transforming Value of Complaints *and* Compliments

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1

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The Situation

- Complaints Procedures
 - The minimum requirement or opportunity?
 - New CSCI inspection scheme
- Compliments Procedures
 - Do we *have* them?
- Complaints *and* Compliments
 - Raising the bar \rightarrow Higher Standards
 - Manage both very similarly

2

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Borrowed Wisdom

- We don't know what we don't know
- We can't do what we don't know
- We won't know until we measure
- We don't measure what we don't value
- We don't value what we don't measure

Source: Harry, M & Schroeder, R, Six Sigma


3

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 **Meeting the Challenge**

- What is “Quality”?
- Who Complains and Why?
- Creating an Effective Response System

4

 **Quality**


The Definition that saved a nation!

What Is Quality?

The degree to which special causes of variation [defects] are controlled or eliminated from a system.*

* Deming, WE, Out of the Crisis. Massachusetts Institute of Technology Press, Cambridge MA, 1982

5

 **What is Quality?**

- In other words, Quality is the degree to which your service is free of defects.
- Who defines “defects”?
 - Regulators e.g., CSCI, DoH
 - The customer / consumer
- Use data & behavioral science for *both*
 - Defects (Complaints & Problems) & Delight (Compliments)

6

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STACKPOLE & Associates, Inc. **What's It Worth?**

- Why a Strategic Response System?
 1. Market Differentiation
 2. Litigation Cost Avoidance
 3. Employee Retention & Productivity
- **Market Differentiation**
 - A Choice-Based Environment
 - Have *you* felt the pain?

7

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UK Demographics - 2005

Age group	Population		%
	Male	Female	
0-14	5,560,489	5,293,871	18.0
15-64	20,193,876	19,736,516	66.3
65+	4,027,721	5,458,235	15.7

By **2015**, UK Population 65+ \longrightarrow ~ 17.9%

Source: Estimates based on The World Fact Book, CIA

8

STACKPOLE & Associates, Inc. **The Boomers Are Coming**

Average Annual Percent Change in Population Age 65 and Over: 1990-2050

Decade	1990's	2000's	2010's	2020's	2030's	2040's
Annual % Change	3.32%	2.86%	1.30%	2.69%	4.72%	2.96%

9

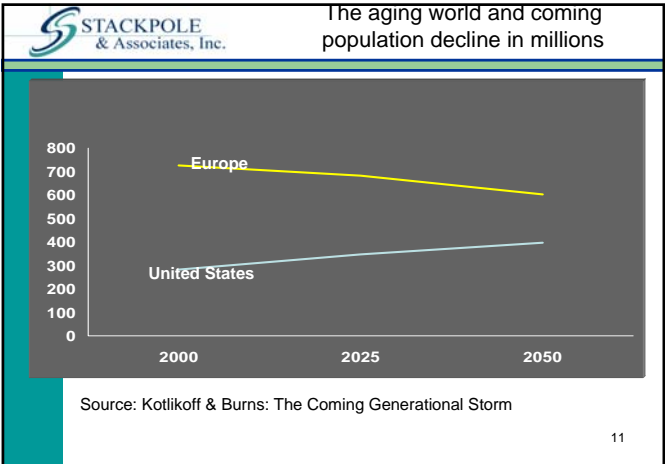
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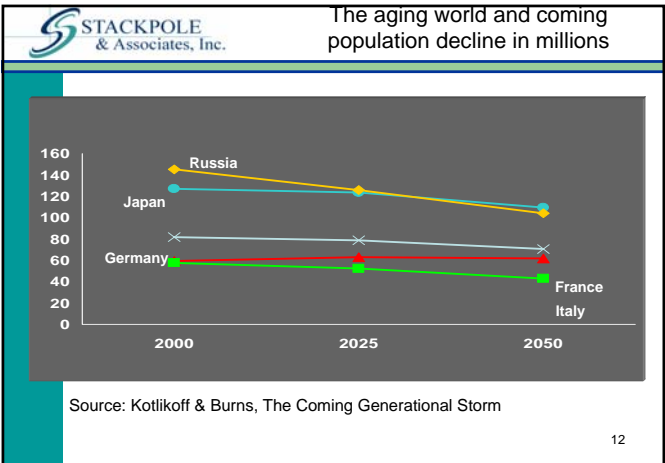
STACKPOLE & Associates, Inc. Not too bad off, but not far behind!

Top 10 Countries with Highest Percentage of People age 65+, 2015		
Country	Total Population (Millions)	% 65+
Japan	125,843	24.9%
Italy	56,631	22.2%
Sweden	8,900	21.4%
Greece	10,735	20.6%
Germany	85,192	20.2%
Bulgaria	6,663	20.2%
Belgium	10,336	19.4%
Denmark	5,521	18.9%
France	61,545	18.8%
Czech Republic	10,048	18.8%


Source: The World Fact Book, CIA

10






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 **Impact of "Age Wave"**


- Growth in Market Segment → ↑ Demand
- Leading edge "Boomers" are drastically different from previous cohorts:
 - Expectations, and;
 - Assets
- Challenges & Opportunities to:
 - Cater to their more demanding expectations
 - Higher level of variation and flexibility
 - Accomplish this with existing / shrinking labor pool
- Our Consumers are Changing!

13

 **What's It Worth?**

- Why a Strategic Response System?
 1. Market Differentiation
 2. **Litigation Cost Avoidance**
 3. Employee Retention & Productivity
- Litigation Cost Avoidance

14


 **Who Sues & Why?**

- Lawsuits as extreme / illustrative examples
 - Data from US & UK
 - Those who sue, report the reason as:
 - The providers did not listen;
 - The providers were not responsive;
 - They want an apology (and didn't get one);
 - Want to protect others & prevent 'this' from happening again, and;
 - Revenge

Source: Young & Phillips; Selbst & Korin

15


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 **US Claims in Long Term Care**

Frequency of Open and Closed Claims by Type of Facility

Type of Facility	% of claims
Nursing Facility	75%
Continuing Care Retirement Community	17%
Assisted Living Facility	4%
Independent Living	4%
Other	< 1%
Total	100%


Source: "Comparison of Claims Data in Long Term Care" 16

 **US Claims in Long Term Care**

Frequency of Open and Closed Claims by Type of Facility

Type of Facility	% of Claims
Nursing Facility	81%
Assisted Living Facility	14%
Continuing Care Retirement Community	4%
Independent Living	1%
Other	<1%
Total	100%

Source: "Comparison of Claims Data in Long Term Care" 17


 **US Claims in Long Term Care**

Severity of closed claims by type of facility

Type of Facility	Average paid indemnity	Average paid expense	Average total paid
Assisted Living Facility	\$114,369	\$26,302	\$134,826
Nursing Facility	\$81,665	\$30,364	\$102,692
CCRC	\$87,042	\$21,211	\$100,173
Independent Living	\$58,427	\$28,593	\$74,588
Other	\$48,000	\$0	\$48,000

Source: "Comparison of Claims Data in Long Term Care" 18

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 **US Claims in Long Term Care**

Severity of closed claims by type of facility

Not-For Profit	Type of Facility	Average paid indemnity	Average paid expense	Average total paid
	CCRC	\$160,823	\$40,813	\$194,171
Other	\$108,333	\$65,898	\$174,231	
Independent Living	\$120,926	\$61,097	\$164,202	
Assisted Living Facility	\$121,867	\$23,914	\$146,871	
Skilled Nursing Facility	\$116,272	\$35,250	\$143,844	

Source: "Comparison of Claims Data in Long Term Care"

19


 **Litigation Cost Avoidance**

Risk Recommendations

- "Use every encounter with families and residents to continuously manage expectations for resident services and resident monitoring."*
- "Educate residents and families during the admission process."
- "Set realistic expectations with potential residents."

Source: "Comparison of Claims Data in Long Term Care"
Emphasis Added

20

 **Litigation Cost Avoidance**


Risk Recommendations

- "**Provide ongoing opportunities for communication with residents and families**"*
- "Market programs with language that accurately describes, and does not overstate, the services provided."

Source: "Comparison of Claims Data in Long Term Care"
* Emphasis Added


21

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 **Stackpole & Associates, Inc.** **Litigation Cost Avoidance**


- **Wait for Complaints?** → Please, **No!**
“One of the surest signs of a bad or declining relationship is the absence of complaints...Nobody is ever *that* satisfied...The customer is either not be candid or not being contacted – probably both.”
Source: Levitt, T

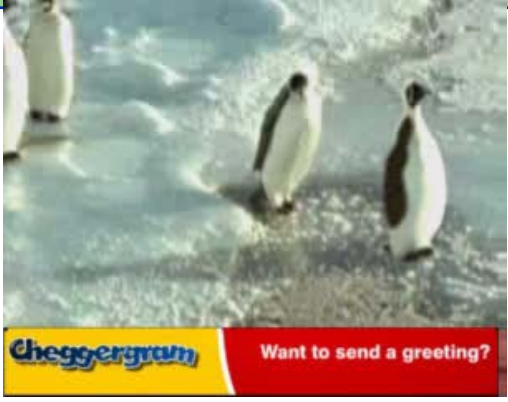
22

 **Stackpole & Associates, Inc.** **What's It Worth?**

- Why a Strategic Response System?
 1. Market Differentiation
 2. Litigation Cost Avoidance
 3. **Employee Retention & Productivity**
- Problems occur often between resident / care giver


23

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24

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 **Impact - Employees**

- **Cost (Direct & Indirect) of Turnover***
 - Direct Costs ~ £2,600 / per position
 - Indirect Costs ~ 1.25 - 1.75 of Direct Costs
- **Why Do Healthcare Workers Quit?***
- **We know, based on surveys**
 - Relationship with direct supervisor
 - I don't have any friends here
 - Lack of feedback (positive)
- **Employees As Competitive Advantage**


*Source: Ziemba, E, *Taking the Pulse of Employees*
 **Source: *Why Do Healthcare Workers Quit?*, and Buckingham, *First Break All the Rules*

25

 **Employees As Competitive Advantage**

- **Employees As Competitive Advantage**
 - Loyal Employees → Loyal Customers
 - Word of Mouth Marketing → ↑ Referrals
 - Loyal Employees → Recruitment Magnet
- **Employees As Operational Advantage**
 - ↑ Loyalty → ↓ Recruitment Costs
 - ↑ Loyalty → ↓ Agency Costs
 - ↑ Loyalty → ↓ Management Costs

26


 **Complaints & Compliments**

- **Complaints and Compliments**
 - Considered together, they are both opportunities to address critical management requirements

Complaint	Compliment
Delivered from high emotion (unpleasant)	Delivered from high emotion (pleasant)
Represent key operational issue (negative)	Represent key operational issue (positive)
To be addressed promptly (risk avoidance)	To be addressed promptly (secure benefit)
Damage to staff if mis-managed	Loss of benefit to staff if mis-managed


27

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 **Collecting the Data**

- How to reliably uncover issues *before* they turn into complaints
 - Remember that most issues occur close to the "point of service" → Comment Cards / Point of Service Questionnaires
 - Effective measurement → Routine Surveys
 - Interviews
 - Focus Groups


28

 **Satisfaction Measurement**

- Measure satisfaction among residents, families and referral sources
- Measure many different ways
- Measure by self-reported ratings, e.g.,

	Completely Disagree	Completely Agree
Overall, I am completely satisfied with the dining services.	1 2 3 4 5 6 7 8 9 10	


29

 **Who Doesn't Complain?**

- What they *aren't* telling you
- Customer behavior in the face of poor service
 - Less than 30% complain
 - They tell on average 11 people
 - How many others have heard about the service problem before you?
- Effective Response Strategy

30


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 **Response Strategy**

- For **both** Complaints & Compliments
 - **Prompt**
Speed of response is correlated to satisfaction
 - **Authoritative**
Don't equivocate – tell the consumer what will be done
 - **Follow up**
Do what you say will be done
 - **Measurement**
Measure effectiveness afterward

Source: Chase & Dasu; Reicheld: Denove & Power


31

 **Response Strategy**

- **Prompt**
- Speed of the response is related to satisfaction with outcome

Complaint	Compliment
“I am sorry that...”	“Thank you...”

32


 **Response Strategy**

- **Authoritative**
Don't equivocate
Do tell the person what will be done, when & ask permission

Complaint	Compliment
“I will do [.....] right way, alright?”	“I would like to share this with [], OK?”


33

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 **Response Strategy**


- **Follow up**
Do what you say will be done
Consequence of *not* following up...
- **Measurement**
Measure effectiveness by asking
Add this to surveys?

34

 **Type of Response**

- **Type of Response –**
 - **Varies by Type of Complaint**
 - Task Specific Errors – e.g., lost or damaged articles, wrong meals, wrong Rx, wrong Tx
Recovery
 - ✓ Apologize
 - ✓ Compensate
 - ✓ Demonstrate


35

 **Type of Response**

- **Type of Response –**
 - **Varies by Type of Complaint**
 - Process Specific Errors – rude behavior or brusque behavior (actual or perceived), schedule delays, missed appointments
Recovery
 - ✓ Apologize
 - ✓ Explain
 - ✓ Demonstrate


36

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 **The Barriers**


- Effective Response Strategy
 - The Barriers
 - Personal Defensiveness
 - Professional Pride
 - Culture of CYA
 - Loss of Wisdom → Turnover
 - “Task” focus vs. “person” focus

37

 **Recommendations**

- Measure satisfaction – several ways
- Give families and residents ample opportunities to report their experiences
- Implement effective response strategy
 - Build relationships & avoid litigation
- For both Complaints and Compliments
 - Transform regulatory requirements into standards of excellence


38

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39

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41


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42

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44
