



Client complaints are a fact of life for home inspectors. But complaints do not have to turn into lawsuits. In fact, if handled properly, complaints are actually a golden opportunity.

Turning Complaints into Opportunity

by Alan Carson

Here is the first in an ongoing series of risk management strategies from Alan Carson designed to help inspectors insulate themselves from liability. The first installment provides an overview and demonstrates how complaints can actually be an important source of new business.

The phone call always starts like this: "You inspected the house we bought six months ago and now we are having problems..." Most of us have received calls like this and all of us dread them. A complaint can ruin your whole day and most of your night. And there's nothing we can do about it, or is there? Let's look at one of home inspectors' least favorite topics—complaints.

It is appropriate for this topic to start with a disclaimer. Writing technical articles is easy. There is research that can be done and technical issues are anchored in physics and building science. Writing about complaints is more challenging. There is little authoritative material and we are dealing with the art of human relations rather than a science. As a result, there are no definitive answers on the topic. Our goal is to make you think. We encourage you to challenge everything presented in this article and to take away any pieces that work for you.

Know Thyself

Your personal and business philosophies play a role in how you handle complaints. We find that, in general, there are three types of home inspection professionals:

1. The hardliner: these home inspectors defend themselves against any and all complaints vigorously, never admitting any mistake.

2. The validator: these inspectors defend complaints vigorously when they feel unjustly accused but respond if there was a valid problem with the inspection.
3. The conciliator: some inspectors try to satisfy every client and may pay to make a problem go away even though they made no mistake.

There is no right or wrong, but you should decide on your approach before you are in the midst of a complaint.

Three Kinds of Issues

We find that issues come in three types as well:

1. White issues: these complaints turn out not to be a problem with the home.
2. Black issues: these are issues where there is clearly a problem that the home inspector should have reported.
3. Gray issues: these are issues where it is not clear whether the inspector made a mistake.

We find that the white and black issues are straightforward to deal with. The difficult ones are the gray issues because the inspector and client may feel very strongly but quite differently about an issue.

We find that about 10 percent of our complaints are white issues and 10 percent are black. But 80 percent are gray. Nobody said it was easy!

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Many people feel that resolving complaints is important because of the financial risk. While this is true, there are other



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reasons why effective complaint handling is an important skill.

A complaint can be an opportunity to impress or educate a real estate agent, to generate goodwill and to avoid bad publicity. A complaint is also an opportunity to turn around a dissatisfied client, changing a detractor into a supporter. Let's look at each of these.

Real estate agents don't have many tools to evaluate home inspectors. Their impressions are mostly based on your "bedside" manner. Your response to a complaint is one way to enhance your reputation with agents. (We are assuming for the moment that this is important to you!)

A complaint is an opportunity to generate goodwill with others. We had a difficult complaint handled by the client's attorney. The problem was subtle but serious and there was considerable question as to whether we should have identified the condition. The issue was settled

when a similar situation arose three months later, the same approach backfired, becoming a lawsuit. The first incident involved a wet basement complaint that was resolved nicely by pointing out to the client the risks and unpredictability of basement leakage, as outlined in the report. The client who called with a complaint three months later saw no value in the "weasel clauses" in the report, and insisted we should have been able to predict the problems based on our experience and knowledge of the area. It is interesting to note that by the clients' own admission, there was no evidence of an active problem during either inspection.

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with a small amount of responsibility accepted by our firm. About two months later, we were surprised to get a phone call from the client's attorney. He called to book a home inspection and said that the reason he chose Carson Dunlop was the prompt, professional and straightforward manner in which we handled his client's complaint. That attorney has been a source of referral business ever since.

Most of us have seen what a hostile media can do to home inspectors. A dissatisfied client can be the catalyst for devastating news coverage and public humiliation.

Complaints are also a way to build your business by improving your service.

We learn something from almost every complaint whether or not we made a mistake. The secret is to apply the learning to future work. Everyone makes mistakes. Successful people do not repeat their mistakes.

One Size Does Not Fit All

When dealing with communications and human emotions, there is one thing we can be sure of—one approach does not work equally well with all clients. You will need more than one strategy to be successful. We have learned this lesson the hard way. We handled one complaint one month—beautifully with a specific strategy—but

When things go wrong

One of the best ways to handle complaints is to anticipate them. Carson Dunlop includes in their reports a document called *When Things Go Wrong* which sets realistic expectations for clients and lays out how and why certain problems arise. "We remind clients of this document when complaints come in," said Alan Carson. "It is nice to be able to say, 'We told you this might happen.' Inspectors can feel free to use all or part of this document in their own reports." You'll find *When Things Go Wrong* online at www.workingre.com when you register for your free subscription of *Working RE*. Or you can visit www.carsondunlop.com/reports/wtgw.html.



Using Complaints to Build Your Business

While some people say that you can't make everybody happy, consider what the results of several studies suggest:

- 99 percent of clients who have a bad experience will not complain. This means that you don't know about a problem and don't have a chance to make it right.
- 91 percent of clients who have had a bad experience will neither use the firm again nor recommend it to others. This does not help in building your business by referral.

- The average dissatisfied customer tells ten others about their unhappy experience.
- The average satisfied customer only tells two others about their good experience.
- Nine out of ten clients (90 percent) will use the firm again if a complaint is resolved to their satisfaction.
- Perhaps more importantly, this same group will tell five others, on average, about their good experience with the firm.

In a perverse way, you can create more positive feedback with clients who have had a problem resolved than with clients who were satisfied from the outset! We will stop short of advising you to generate complaints so you can resolve them but this should help make you more enthusiastic about resolving them.

Other Incentives for Resolving Complaints

Complaints can wear you down. They are distracting and emotionally draining for home inspectors. In addition to consuming your money, they may:

- Consume your time
- Change your attitude toward customer service
- Make you a more defensive home inspector
- Make it more difficult to get affordable insurance
- Increase your stress and reduce your satisfaction

We hope that we have convinced you of the benefits of handling complaints effectively!