

SERVICE RECOVERY... HANDLING THE SCREW-UP

When you screw up (and we all do) you can count on customers contacting you to let you know what you've done. If it's a phone call, you can expect to hear ranting and raving and people saying things that are rude and inappropriate. If they are in your place of business, they will confront you face-to-face and it's up to you how you will diffuse the situation and put a smile on that customer's face.

When things do go wrong, it's how you recover and delight the customer that truly sets you apart from other companies. Opportunities for service recovery are numerous. While companies may not be able to prevent all problems, they can learn to recover from them. A good recovery can turn angry, frustrated customers into loyal ones. It can, in fact, create more goodwill than if things had gone smoothly in the first place.

The surest way to recover from service mishaps is for employees on the front line to identify and solve the customer's problem. Doing so requires decision making and rule breaking—exactly what employees have been conditioned against. Employees have been taught that it's not their job to alter the routine. Even if they'd like to help the customer, they are frustrated by the fact that they are not allowed to do it. Worse yet, they don't know how.

A study done for the U.S. Office of Consumer Affairs found that in households with service problems with potential costs of more than \$100, 54 percent would maintain brand loyalty if their problems were satisfactorily resolved.

5 STEPS TO SAVE THE CUSTOMER

- 1. Apologize and offer a better option.** For example you might offer expedited delivery at the company's expense.
- 2. Act quickly.** You must respond to the complaint within 60 seconds. That's when the magic happens.
- 3. Take responsibility.** Most employees shove the problem off and blame everyone else. Customers know when they are being passed along the chain and they don't like it.
- 4. Empower employees to make a fast decision.** Each front-line employee should be able to take action quickly. They shouldn't have to ask for managers to get an approval or pass the buck to them.
- 5. Take action and compensate.** Give away something that has high value and low cost. Customers will be pleasantly surprised and

delighted with your company if you not only make things right, but make things better.

To be able to provide great service recovery the employees need to feel that they have the freedom to do so. Several companies pre-authorize front line employees to spend a capped amount to fix customer problems. Front line employees should have the power to resolve more than 95 percent of customer issues without having to pass the customer on to another person. Allow employees to give out free coupons, accept returns, give refunds, and take other needed remedies without having to consult anyone. They can offer customers a range of options for resolving their problem and get the job done. The principle behind this is that customers are more satisfied with their encounter if the first person they contact about a problem fixes things. It lets employees focus on solving problems.

Remember, customers will reciprocate your helpful actions. When you resolve failures quickly and effectively, acknowledge and apologize for the problem, and then respond to their need, most customers will pay you back with continued or increased loyalty, goodwill and even repurchasing. It means that even major service failures are opportunities to show the reliability of your customer support functions and provide the most positive experience possible.

According to a study by The Wharton School, reducing customer attrition by 5 to 10 percent can increase annual profits by as much as 75 percent... the stakes are high.

No business can afford to lose customers, if only because it costs much more to replace a customer than it does to retain one—five times more. Those that go out of their way to please customers and correct problems or screw-ups will soon have many more. Someone once said, "Take care of your customers, or someone else will." Repeat this at your next meeting: "Take care of our customers, or someone else will."

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