

Service Recovery

From the Frontline Interview

Nick Crnich is a Senior Sales Representative for RR Donnelley (a provider of printing and related services to the merchandising, magazine, book, directory, and financial markets) and has been with the company for 32 years. Throughout that period, he has been in customer service and sales-related positions, working with elementary and high school (El-Hi) publishers, Bible, reference, and higher education publishers. He has worked with very small organizations and multi-national corporations. In his current position, he interacts daily with the internal customers in the Customer Care and Estimating teams, Scheduling/Production Control, Strategic Planning, and Business Unit Management.



NICK CRNICH,
Senior Sales
Representative,
RR Donnelley

1 What is service recovery to you in your industry?

I look at service recovery as an event where the customer's specifications and expectations are not met.

The cause of a breakdown (or nonconformance) can occur when a mechanical process fails, when communication on specifications/expectations fails, or when a decision is made to accept nonconforming product and continue the manufacturing process.

Customers often leave after a service breakdown because they feel that their supplier does not truly care about the customer's products, or the supplier is unwilling to implement a process to guard product quality. This is

important because customers invest time, effort, and dollars to create the best product they can envision. A failure can occur when a supplier does not respect that vision and the customer's efforts or when a supplier does not respect the end user. In the case of McGraw-Hill Higher Education, the latter would be professors and students.

2 In working with dissatisfied customers, what are some of the most important things to remember related to resolving their issue and maintaining the relationship?

That our customers are not the end customer. They will take the product, which we have manufactured, and sell that book

in the open market. The publishers are investing in our production abilities. They expect a partner, not just a supplier. They want someone who cares as passionately about the quality and appearance as they do. Publishers want someone who will meet the agreed upon schedule, so that the end users can have confidence that the books will be available for classes on time. When there is a failure, the supplier needs to respond quickly and informatively. They need to keep the customer posted every step of the way. Both the salesperson and the entire manufacturing organization must be sensitive to the customer's situation and of the same mindset: this is our partner and we need to respond quickly to deliver the expected product to the end user.

“Recovery is transforming a dissatisfied customer into a satisfied one.” Stephen C. Broydrick, 1994, *How May I Help You?*

Chapter Learning Objectives

After completing this chapter, you will be able to:

- Define what a service breakdown is.
- Discuss the causes of service breakdowns.
- Determine why customers leave following a service breakdown.
- Identify strategies for preventing customer dissatisfaction.
- Implement a frontline service recovery strategy.
- Spot roadblocks to service recovery.

3 What are some issues or pitfalls that service providers encounter related to service recovery?

When a service provider acts slowly, the customer feels that they are “going it alone.” Also, when a provider does not give details of a failure, the customer feels the provider does not know what went wrong or why. If that is the case, they do not know how to control their process of manufacture. The customer might also suspect dishonesty.

4 How does the way you and others deal with service recovery impact your organization and your customers?

I try to be truthful with all of my customer/partners. I advise them that, at some time, we *will* have a service failure. But, I also advise them that the true measure of the relationship and partnership between the customer and their supplier is how quickly our entire organization responds and fixes the situation. It cannot be just lip service from the Sales Representative. The philosophy of *service recovery* has to be embraced by the entire organization to be a positive.

5 What are some of the strategies you use to recover from a service breakdown?

We encourage feedback/criticism from our customers. We need to know when we have failed to meet expectations. And, even in the least nonconformance, we need to respond quickly. Although the sales representative is the immediate “face” for the supplier, we prefer to have our team introduced during the process of manufacture, so that the customer knows that there are many employees looking out for their best interests. And, those are the same people who will truly respond to a service failure.

6 What advice, related to dealing with dissatisfied customers and regaining their confidence and support, would you give someone entering the customer service?

I suggest the following:

- Do it right the first time.
- Welcome/encourage complaints.
- Respond quickly.
- Treat customers honestly and fairly.
- Keep customers informed.
- Keep one point of contact (usually Sales). But, whoever receives the complaint, they own the complaint and will be the point in resolution of the complaint.

Additionally, I encourage all service providers to remember the following points:

- You are making promises to your customers.
- You have to have a team that is enabled to deliver on those promises (training, equipment, processes, etc.).
- You need to keep your promises.
- A service failure is a broken promise.
- The team needs to respond, recover, and deliver on that promise.

Critical Thinking

Based on what Nick has said, why do you think service recovery is so important in the service process? What do you believe are some of the keys to successful service recovery?

Quick Preview

Before reviewing the chapter content, respond to the following questions by placing a “T” for true or an “F” for false on the rules. Use any questions you miss as a checklist of material to which you will pay particular attention as you read through the chapter. For those you get right, congratulate yourself, but review the sections they address in order to learn additional details about the topic.

- _____ 1. Service recovery occurs when a provider is able to make restitution, solve a problem, or regain customer trust after service breakdown.
- _____ 2. Service breakdowns are rare in most organizations.
- _____ 3. Thirteen percent of customers who have service problems tell three to five other people.
- _____ 4. Organizational factors related to policies or procedures are rarely the basis for service breakdowns.
- _____ 5. A good strategy for organizational success is to focus on the “average” customer.
- _____ 6. Competency in communicating can eliminate the need for service recovery.
- _____ 7. To effectively serve your customers, you need a strong knowledge of products, services, organizational structure, and organizational goals.
- _____ 8. Service breakdowns always occur as a result of service provider error.
- _____ 9. In the follow-through phase of recovery, negotiations take place when the organization and customer make a commitment to take specific actions.
- _____ 10. One key strategy for preventing dissatisfaction is to learn to think like a customer.
- _____ 11. The primary purpose of any good service recovery program should be to return the organization-customer relationship to a normal status.

Answers to Quick Preview can be found at the end of the chapter.

1 What Is Service Recovery?

Concept: When service breaks down, the customer expects that customer service representatives will take action to solve the customer’s problem.

Effective **service recovery** occurs when an organization or service provider is able to solve a customer problem, make restitution, or regain trust following a breakdown in service delivery. Many times your customers have expectations that they will receive products, services, or other deliverables at a certain level. When they get something else, they can become frustrated, angry, and/or dissatisfied.

The challenge is to recognize that some customers will not tell you they are dissatisfied. That is where the ability to read their nonverbal cues and ask effective questions, as you read in Chapters 3 and 4, is paramount to your success. If you do not identify a customer’s problem and take immediate steps to recover or make amends, you could lose a valuable customer, who may then tell others who might also defect or, if they are potential customers, stay away.

So in a way, you sometimes have to be part fortune teller, part detective, and part problem solver in order to deliver effective customer service. And, if you become really good at the service recovery technique, you may even be able to turn a negative situation into an additional sale or upgrade in products and services.

2 What Is a Service Breakdown?

Concept: Service breakdowns occur whenever any product or service fails to meet the customer's expectations.

Service breakdowns occur daily in many organizations. They happen whenever the product or service delivered fails to meet customer expectations. In some cases the product or service delivered may function exactly as it was designed, but if the customer perceived that it should work another way, a breakdown occurs. Here are some possible breakdowns:

- A waiter serves a meal containing an ingredient not expected by the customer, or one that the customer specified should not be added. A note of caution: If you are in food service, be vigilant in monitoring orders when customers ask that certain ingredients not be used. Check food and drinks before you deliver them to your customer to be sure that the staff did not forget the special request. Also, do not simply remove a food item if it was placed on a plate inadvertently. Some people have severe allergies to certain foods that could cause serious illness and even death—and a huge liability for you and your organization.
- A hotel room is not available when the customer arrives. (In some cases a stated check-in time may exist and the customer may be early. Make every effort to accommodate the customer if this happens.)
- A car repair is not completed at the time promised, or is done incorrectly.
- An additional cash register is not opened even though there are eight to ten customers waiting in a line and cashier staff are available in the store. (Some companies have signs stating that they will open another register if more than a certain number of customers are waiting.)
- A patient arrives for a scheduled doctor's appointment to find that the doctor left town on a personal emergency the day before but no one called the patient to reschedule.
- According to the customer, room service food was cold when delivered (e.g., not at the degree of warmth desired or expected).
- A coworker expects your assistance in providing information needed for a monthly report, but you failed to get it to her on time or as agreed.
- A manufacturer does not receive a parts delivery as you promised, and an assembly line has to be shut down.
- A garment you needed for a meeting returns from the laundry with broken buttons and cannot be worn.

In any of the situations described, customers may have not received what they were promised, or at least they perceived that they did not. When such incidents occur, there is a breakdown. Unfortunately, most such situations go unreported by customers. Moreover, when they are reported, often they are not effectively handled by businesses. TARP, a customer service research and consulting firm in Arlington, Virginia, has published numerous surveys on the topic of complaint



What examples of service breakdown have you experienced or can think of? List them and then discuss them with classmates. After discussing your lists, brainstorm ways that the organization did or could have recovered.

handling in the United States. A landmark study commissioned by the U.S. Office of Consumer Affairs in 1979 and updated in 1986 demonstrated the value of effective customer complaint resolution. These findings have been validated since 1986 throughout various industries (see Figures 13.1, 13.2, and 13.3).

3 Causes of Service Breakdowns

Concept: Service breakdowns can occur for a number of reasons. For the customer, however, the customer service provider represents the organization when the service breaks down. The provider must identify the cause and remedy the situation to the customer's satisfaction.

Human beings make mistakes; this is a fact. Mistakes are often glaring to customers, who can be very unforgiving at times. The best you can hope for when something goes wrong is that you can identify the **cause of the service breakdown** and remedy the problem quickly to your customer's satisfaction. By accomplishing this, you may maintain the customer loyalty as discussed in Chapter 12.

Many reasons exist for you and your organization to take action to remedy a situation that has gone wrong. Some typical events necessitating service recovery action are:

- A product or service did not do what it was expected to do.
- A promise was not kept.
- A deadline was missed.
- Customer service was not adequately provided (the customer had to wait too long or was ignored).
- A service provider lacked adequate knowledge or skills to handle a situation.
- Your actions or those of the organization inconvenienced the customer (e.g., a lab technician took blood during a patient's visit, but the sample was mishandled, requiring the patient to return for a retest).
- A customer was given the "runaround" (was transferred to various employees or departments and required to explain the situation to each individual).
- The customer was treated unprofessionally or in a rude manner (or perceived that this was the treatment).

Numerous factors in the service process can lead to a failure to meet customer expectations, and they can all influence service recovery. Generally, these factors fall into three categories—organizational, employee, or customer.

Organizational Factors

Organizational factors relate to processes, procedures, policies, and structures that, when not functioning effectively, can detract from service quality. As a frontline provider, you play a crucial role in implementing many of these practices. As such,

FIGURE 13.1
What Complaint Research Shows

Source: TARP, 1300 Wilson Blvd., Suite 950, Arlington, VA 22209.

The median number of people customers who have a small problem will tell is 5, if the problem is appropriately resolved, and 10 if they are not satisfied.

The median number of people customers who have a large problem will tell is 8, if the problem is appropriately resolved, and 16 if they are not satisfied.

In 1,000 companies surveyed, on average, 50 percent of consumers and 25 percent of business customers who have problems never complain.

Three principal reasons why people do not complain:

- (1) Complaining wasn't worth their time and effort.
- (2) They believed that complaining wouldn't do any good; no one wanted to hear about their problems.
- (3) They didn't know how or where to complain.

FIGURE 13.2
Many Customers Do Not Complain

Source: TARP, 1300 Wilson Blvd., Suite 950, Arlington, VA 22209.

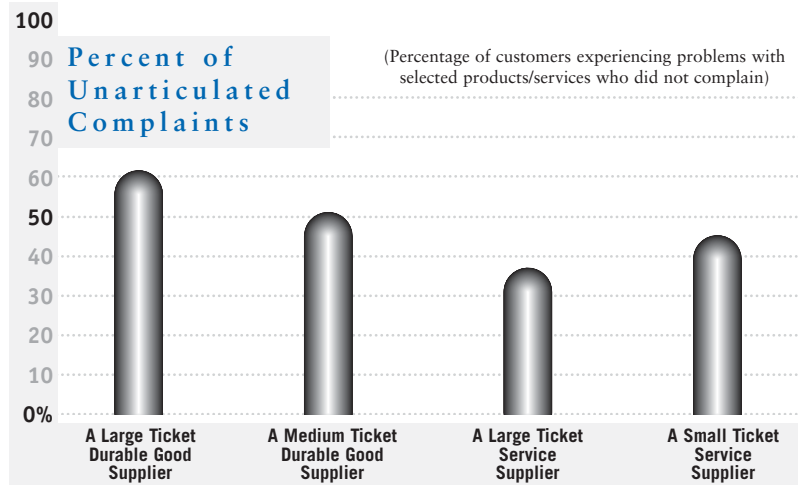
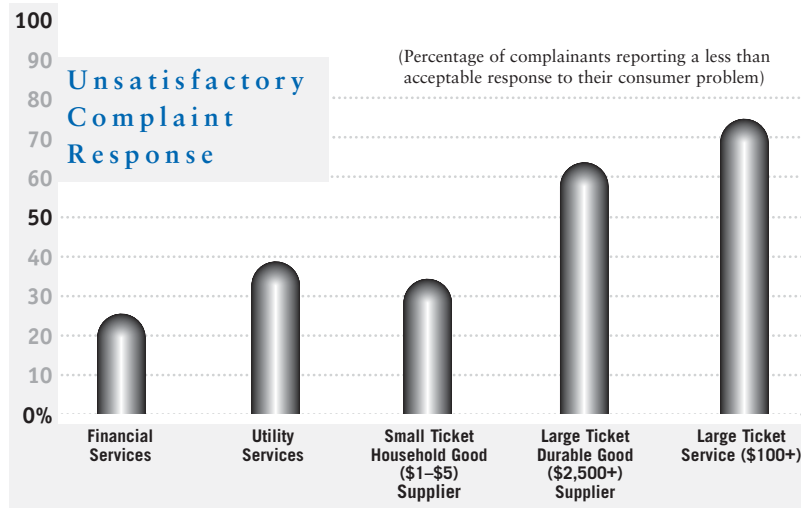


FIGURE 13.3
Many Customers Are Not Happy With Businesses' Response to Their Complaints

Source: TARP, 1300 Wilson Blvd., Suite 950, Arlington, VA 22209.



you become the organization in the eyes of a customer. When a customer yells at you because he or she perceives that something did not go as promised or expected, he or she is usually yelling at the organization through you. That is why you must control the tendency to take the anger personally. Instead, continue to listen objectively to what he or she has to say in order to get the information needed to solve the problems. Even so, there are some factors over which you have no direct control but that affect you and your customers. These include the following.

Human Resources

The screening, selection, training, performance appraisal, and compensation of employees who interact with customers are crucial. Managers should take care to develop and periodically update a job description that focuses on the competencies required for the position. This will help ensure that the right person is hired for a job and that employees are being recognized for what they do.

You can help in this regard by openly discussing your regular job tasks with your supervisor. Often, over time, employees take on tasks because it is easier for them to do so than to ask someone else, or because job responsibilities evolve when changes are made in procedures and systems. Your supervisor is usually aware of these modifications, but since they are minor, no change is made to your job description. Over time, your responsibilities may evolve far beyond the written job description. This is why you need to know what your job description defines as your duties and bring major changes to the attention of your supervisor. This is important because your performance is typically evaluated based on established goals and your job description.

Moreover, job descriptions are used to recruit and hire additional staff. It is to your advantage for your supervisor to have an accurate picture of the skills required so that he or she can adequately screen applicants and choose the best-qualified person to do the job. This is to your advantage since, if a person is hired based on an outdated job description, you may end up training this person on the job.

From a training standpoint, most large organizations spend millions of dollars each year training and updating employee knowledge and skills. Such efforts help companies stay competitive. Also, many organizations continually evaluate and modify compensation and benefit packages. They do this because all these factors affect employee morale and ultimately can create customer satisfaction, or dissatisfaction, depending on how they are handled.

Organization and Structure

Relationships between members of departments or cross-functional teams are typically clearly defined. Reporting structure, levels of empowerment (what employees are authorized to do and what decisions they are allowed to make), and integration of functions are examples. This may not be true in your organization. If necessary, go to your supervisor and ask for an explanation of the reporting hierarchy, as well as the customer-provider chain (people or groups to whom you supply and from which you receive products, information, and services). A thorough understanding of these relationships is important in making it possible for you to provide the best service possible to your customers. Such knowledge also allows you to follow up in cases of service breakdown and to recognize the limits of what you can and cannot do to satisfy customer needs or complaints.

Processes and Programs

The way complaints are handled, sales or promotional tools are used, products and services are delivered, and billing, advertising, and consumer-customer communications work falls into this category.

As a frontline provider, you must have a thorough knowledge of special sales and promotions and how all these systems function in service delivery. This allows you to respond consistently and correctly to customer questions or complaints. Failure to understand these processes can lead to miscommunication and customer dissatisfaction.

Product and Service Design and Delivery

Factors in this category are quality levels, available options, variety of offerings, performance, and availability. These factors often determine whether customers get what they perceive they deserve or need.

To effectively promote, sell, or service products or provide quality service levels, you need a comprehensive knowledge of what your organization offers. You must have a knowledge of processes related to these areas and also be able to discuss them clearly. Remember that you represent the organization, and your customers expect you to have answers.

Internal Communications

Internal communications involve the means for communicating within the organization to share information, elicit support, offer guidance, and train employees. Communication can be achieved through newsletters, meetings, bulletin boards, e-mail, voice mail, and various publications.

Since communication among members of your organization is crucial to your success, you need to be able to freely and regularly exchange product and service information, and to network with others through a variety of methods. The more access you have to data, the better informed you become, so that you are more capable of handling a variety of customer encounters.

Technological Support Systems

As you read in Chapter 9, computers, software, telecommunications, and other technology, along with the technical support staff to maintain the processes, are crucial in today's service environment. All of these resources play an integral role in allowing the exchange of information, problem solving, effective customer service, and keeping your organization competitive. In the age of the **information highway**, you need to be competent in using technology-based information systems, in order to gain and provide information to deliver quality service effectively and efficiently.

Customers don't want to hear "I'm sorry. I can't bring up your file. My computer is down." You need to know how to access information or quickly find someone

Technology has enhanced the way service providers do their jobs. What improvements have you witnessed in the service sector as a result of technological changes?



who can. In addition, educating yourself on alternative information sources is helpful. Speak with your supervisor or team leader and peers to find out whether other ways exist for accessing information when technology fails. If such files or systems exist, learn to use them. If not, suggest them if appropriate. At the very least, ask your supervisor what you should do or say if technology fails.

Standards

Standards are tenets or guidelines that affect the way employees view the organization and how they behave. They also influence the way people outside the organization perceive you and the organization. For example, do you and your company truly value customers? Do systems, products, and services support efforts to satisfy the most demanding customer? If you answered “yes,” then you are on your way to flourishing in a competitive service market. If not, start analyzing what might need improvement and make recommendations for change to your supervisor or team leader. By focusing on the average customer, the organization is saying “We’re happy to just get by with average service and results.” Customer perception could be that your organization and/or you don’t really care about satisfaction, but just profit and survival. This perception can lead to customer defection.

Employee Factors

These elements relate to your own abilities, competencies, knowledge levels, and expertise in dealing with others:

Communication Skills

Your verbal, nonverbal, and written communication and listening skills will often determine whether you’ll have to initiate a service recovery strategy. For example, if you effectively communicate usage instructions for a piece of equipment you sell, a customer may not have difficulties once he or she gets home. This avoids customer frustration and reduces complaints. It can also result in time and effort saved for you and the customer, as well as in money saved and good customer rapport maintained.

Knowledge

To effectively serve your customers, you need a strong knowledge of products, services, organizational structure and goals, processes, procedures, and how to effectively provide service. Also, a sound understanding of some of the issues discussed in Part 2 of this book (e.g., interpersonal communication skills, diversity, and technology) is very helpful in gaining and maintaining a solid customer-provider relationship.

Through your knowledge, you will be able to quickly and effectively identify needs and offer the right solution to address customer needs and concerns.

Attitude

The way you perceive your organization, self, job, and customers determines much about the quality of service you provide. For example, an upbeat, positive focus will allow you to look forward to and enjoy each customer encounter (positive and negative). Your positive attitude will help you make a sincere effort to identify and satisfy customer needs.

Technical Skills

Your ability to safely and efficiently use equipment and systems that support service (e.g., computer, telephones, facsimile machines, photo copiers, and other job-related machinery and equipment) is important from an efficiency and safety standpoint and also from a service perspective. As you have read, technology can greatly enhance your ability to provide quality service to more customers, and to do it more quickly. Since technology is so commonplace, your customer expects that you will have access to and know how to operate various types of equipment. You may depend on heavy equipment to do your job and provide products or services to customers (e.g., construction equipment, power tools, electric pumps). Through knowledge and expertise in using such equipment, you will be able to provide products and services to your customers promptly and without service breakdowns.

Customer Factors

There are times when customer actions or inactions can lead to a service breakdown, as described in the following sections.

Failure to Use Product or Service Information Correctly

No matter how meticulous your explanations are, customers sometimes fail to listen to or follow instructions for proper product or service usage. By disregarding or missing key information relayed verbally or in writing, they increase the likelihood of improper use, and therefore dissatisfaction. They also increase the possibility of damage or injury. Subsequently, they may lodge a complaint of defective product or ineffective service.

Your objective in providing exceptional service, while raising your rating on the relationship-rating point scale, should be to practice active listening and read your customer's nonverbal cues in order to determine his or her level of understanding. Use effective open-ended questions, as were discussed in previous chapters. Only through your vigilant efforts can problems and misunderstandings be identified and corrected before the customer develops a problem or becomes dissatisfied.

Failure to Follow Through

Sometimes a customer buys a product or service and has a problem that necessitates recovery efforts. In these instances, negotiations often take place in which the customer and organization agree to take specific actions. Sometimes, the customer may not live up to his or her part of the bargain. For example, suppose a customer buys a new computer from your organization, has trouble getting it to function properly, and calls to complain. He talks to a technical support representative who informs him that the company stands behind its product warranty. The representative also asks the customer to write down error messages that appear on his computer monitor for the next two days so the problem can be better diagnosed, and then bring the unit to the store for repair. Two days later the customer shows up at the store with the computer but has forgotten to write down the error messages. This type of customer behavior and failure to follow through can be frustrating, but it may be unavoidable in some instances. When such events occur, the customer may still become dissatisfied and may even blame the organization or you. Either way, everyone loses. About the only thing you can do before and after such an event occurs is to practice effective communication skills and try to emphasize the importance of the customer following through with instructions and requests.



With a partner, discuss strategies or actions you can take that will aid customers and reduce the possibility that they will become dissatisfied by their own actions or failures. Write them down for future reference.

4 Reasons for Customer Defection

Concept: Failing to meet the customer's needs, handling problems inefficiently, treating the customer unfairly, and using inadequate systems are reasons for the customer to leave you and go elsewhere.

Following a service breakdown, there is often a possibility that you may never see the customer again. This is potentially disastrous to your organization, because it costs five to six times as much to win a new customer as it costs to retain a current one. And, as we saw earlier in this chapter, a dissatisfied customer is also likely to tell other people about the bad experience. Thus, you and others in your organization must be especially careful to identify **reasons for customer defection** and remedy potential and actual problems before they negatively affect customers.

Poor service and complacency. If customers perceive that you and/or your organization do not sincerely care about them or about solving their problems, they may go elsewhere. If a concern is important enough for the customer to verbalize (formally or informally) or to write down, it is important enough for you to take seriously. You should immediately address the problem by listening, gathering information, and taking appropriate action. Customer comments might be casual, for example, "You know, I sure wish you folks stocked a wider variety of rose bushes. I love shopping here, but your selection is so limited." In this instance, you might write down the customer's name, phone number, and address and then follow up with your manager or buyers about it. Also, practice your questioning skills by asking, "What color did you have in mind?" or "What is your favorite color?" If the customer has a specific request, you could pass that along. You or someone else should try to obtain the item and then contact the customer to discuss your efforts and findings. Sometimes the obvious solutions are the ones that are overlooked, so be perceptive when dealing with customers and look for little clues such as these. It could mean the difference in continued business and word-of-mouth advertising by your customer.

Inappropriate complaint resolution. The key thing to remember about complaint resolution is that it is the *customer's* perception of the situation, not yours, that counts. If customers believe that they were not treated fairly, honestly, in a timely manner, and in an appropriate fashion, or if they are still dissatisfied, your efforts failed. Remember that only a small percentage of your customers complain. Second attempts at resolution by customers are almost unheard of.

Unmet needs. As stated in Chapter 12, customers have very specific needs to which you must attend. When these needs are not addressed or are unsatisfactorily met, the customer is likely to seek an alternative source of fulfillment.

LEADERSHIP INITIATIVE

13.1

One way in which leaders can help reduce service breakdowns is to review the factors that cause them and ensure that there are no negative elements in place in the organiza-

tion. It is important to continually look at what competitors are doing (benchmarking) to recover from service breakdowns and at least match their efforts.

So often, service providers make the mistake of trying to project their personal needs onto others. Their feeling is that “I like it, so everybody should like it.” However, as you read in Chapter 8, today’s diverse world requires you to be more knowledgeable and accepting of the ideas, values, beliefs, and needs of others. Failure to be sensitive to diversity may set you, your organization, and your customers on a collision course. Remember what you have read about trust and how quickly it can be destroyed in relationships.

Unfair treatment. When customers *perceive* that they have been treated unfairly or, worse—dishonestly—they are likely to leave. They may do so angrily and follow up with formal complaints or retaliation (e.g., in the form of letters to advocacy groups, senior management, or local news media, or even a lawsuit).

Inadequate systems. When breakdowns occur at crucial points of the service chain, you can expect customer dissatisfaction and desertion. Typical failures occur in order taking, billing, shipping, 800 numbers, e-mail, Internet response, inventory control, and customer service. To help reduce or eliminate such failures, look for potential problem areas and work with others in the organization to fix them before the customer comes into contact with them.

5 Strategies for Preventing Dissatisfaction

Concept: Focusing on the customers’ needs and seeking ways to satisfy their needs quickly while exceeding customer expectations are ways to prevent dissatisfaction.

The best way to deal with a service breakdown is to prevent it from occurring. Here are some specific **strategies for preventing dissatisfaction**.

Think Like the Customer

Learn to use the interactive communication techniques described in this book. Once you’ve mastered them, set out to discover what customers want by observing nonverbal behavior, asking specific questions, and listening to their comments and responses. Learn to listen for their unspoken as well as verbalized needs, concerns, and questions. Think about how you would like to be served under the conditions you are dealing with and act accordingly.

Pamper the Customer

Make customers feel special and important. Treat them as if they are the center of your attention and that you are there for no other purpose than to serve them. Do the unexpected, and take any extra effort necessary to meet and exceed their needs. Even if you can’t satisfy all their wishes, if you are positive, enthusiastic, and show initiative, customers can walk away feeling good about the encounter.



Think about the techniques described in this book for focusing on the customer. What additional strategies can you think of?

Respect the Customer

Before you begin focusing on customers' problems, take time to listen and show that you support them and their viewpoint. By using a people-centered approach to problem analysis and problem solving, you can win the customer over. With both of you working together, you can define the problem and jointly reach an acceptable solution.

Focus on the Customer

When a customer takes the time to share a concern, complaint, or question, take the following actions:

React to remarks or actions. Let customers know that you heard what they said or received their written message. If the information is given in person, remember to use the verbal, nonverbal, and listening skills discussed earlier in this book. Smile and acknowledge their presence and comments. If you can't deal with them at that moment because you are serving another customer, let them know when you will be available. If customer comments are in writing, respond quickly. If a phone number is available, try calling to speed up the response and then follow up in writing.

Empathize. Let customers know that you are concerned, that you do appreciate their views, feelings, or concerns, and that you'll do your best to serve them. Really try to "feel their pain" and act as if you were resolving a personal issue of your own. Chances are you will then put more effort into it and appear more sincere.

Take action. Once you've gathered enough information to determine an appropriate response, get agreement from your customer and then act. The faster you act, the more important the customer will feel.

Reassure or reaffirm. Take measures to let customers know that you and the organization have their best interests at heart. Stress their value to you and your commitment to resolving their complaint. Part of this is providing your name and phone number, and telling them what actions you will take; for example, "Mrs. Lupe, I appreciate your concern about not receiving the package on time. My name is Bob Lucas, my number is 407 555-6134, and I will research the problem. Once I've discovered what happened, I'll call you back. If it looks as though it will take more than a day, I'll call you by 4 P.M. tomorrow to update you. Is that acceptable?"

Follow up. Once a customer transaction is completed, make sure that any necessary follow-up actions are begun. For example, if appropriate, make an additional phone call to customers to be sure that they received their order, they are satisfied with your actions, or simply to reassure them and provide an opportunity for questions. If you promised to take some action, do so and coordinate with others who need to be involved.

Exceed Expectations

Go the extra mile by giving your customers the exemplary service you read about in Chapter 12. Strive to get the highest rating possible on the relationship-rating point scale. To do so, work hard to understand what the customer wants and expects. Observe customers, monitor trends, and talk to customers. Constantly look for ways to go beyond the expected or what the competition provides. Provide it faster, better, and more efficiently than others, and exceed customer expectations. Do things for your customer that set your service attitude apart from that of other providers. Some things cost little or nothing and return your “investment” many times over through goodwill and positive word-of-mouth publicity. To raise your rating and please your customers, try some of these simple strategies:

Auto repair technician: “After I rotated and balanced your tires, I checked and filled all your fluids, free of charge.”

Clothing salesperson: “While you try on that outfit, I’ll go pick out a couple of other blouses that would suit you perfectly.”

Bank customer service representative: “While you are waiting for a loan officer, can I get you a cup of coffee?”

Hotel operator: “Along with your wake-up call, I’ll have some coffee or tea brought up. Which would you prefer?”

Restaurant host: “The wait for a table is approximately 30 minutes. Can I get you a complimentary glass of wine or soft drink from the bar?”

Travel agent: “Since this is your honeymoon cruise, I’ve arranged for a complimentary bottle of champagne to be delivered to your room along with a book of discount coupons for onboard services.”

Call center representative: “Because you were on hold so long to place your order, I’m taking 10 percent off your order.”

Dentist: “For referring your friend to us, I’ve told my receptionist to take \$25 off your next cleaning fee.”

Plumber: “While I was fixing your toilet stopper, I noticed that the lift arm was almost rusted through, so I changed it too, at no charge.”

6 Implementing a Service Recovery Strategy

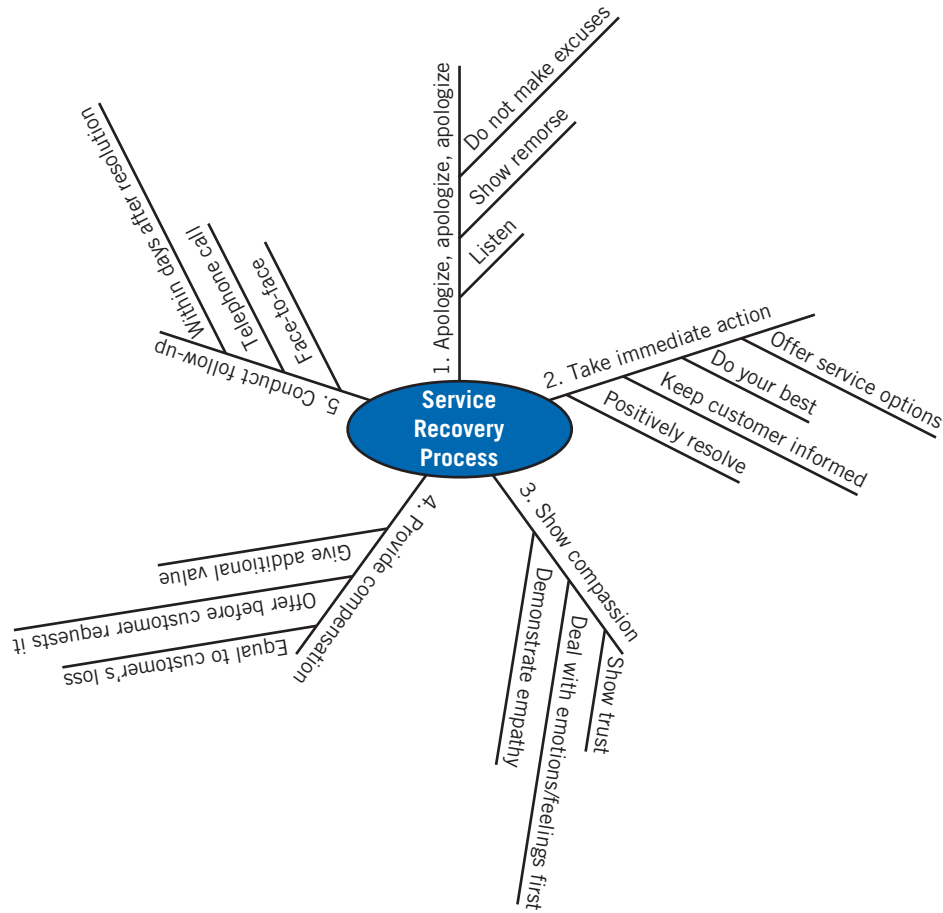
Concept: The job of a service provider is to return the customer to a satisfied state. Not listening, poor communication, and lack of respect are roadblocks to service recovery.

The primary purpose of any good service recovery program should be to return the customer-provider relationship to its normal state. When this is done well, a disgruntled customer can become one who is very loyal and who acts as a publicist for the organization.

Typically, there are five phases to the service recovery process (see Figure 13.4):

1. *Apologize, apologize, apologize.* Showing sincere remorse throughout the recovery cycle is crucial. *Listen* carefully. Empathize with the customer as he or she explains and *do not* make excuses, interrupt, or otherwise indicate (verbally or nonverbally) that you do not have time for the customer. You want to retain the customer and have an opportunity for recovery. You must demonstrate that you care for the customer and that he or she is *very* important to you and your

FIGURE 13.4
Service Recovery
Process



organization. Interestingly, many service providers do not accept responsibility and/or apologize when customers become dissatisfied. Such an apology should come immediately after the discovery of the customer's dissatisfaction and should be delivered in person, if possible. The phone is a second option. Written apologies are the last choice.

2. *Take immediate action.* As soon as your customer has identified a problem, you must set about positively resolving it. As you proceed, it is crucial that you keep the customer informed of actions, barriers encountered, or successful efforts. Even if you are unable to make a quick resolution, the customer may be satisfied if he or she perceives your efforts as sincere and ongoing. You must convince customers through your actions and words that you are doing your best to solve the problem in a timely manner. Also, do not forget what you read earlier in the book about avoiding having to say no without offering **service options**. Remember that your customers want to hear what you *can* do for them, not what you cannot.

Certainly, there may be time when even though you want to give customers exactly what they want, you will not be able to do so because of regulations or **prohibition** (e.g., local, state, or federal laws or regulations). In such cases, it is important to use all the interpersonal skills discussed throughout this book (e.g., active listening,

empathizing, and providing feedback) to let customers know that you are prohibited from fulfilling their needs. It is also important to explain the “why” in such situations rather than just saying, “I’m sorry, the law won’t let me do that.” This type of response sounds as if you are not being truthful, do not want to assist, and are hiding behind an invisible barrier.

An example of a prohibition would be when the sister of a patient goes to a doctor’s office to get a copy of her brother’s medical records. Without specific permission, this would be against the law, because of a patient’s right to privacy and confidentiality between patient and doctor. If you were the receptionist in a doctor’s office and someone made such a request, your response might be: “Ms. Ramsey, I apologize for your inconvenience in coming in for nothing. I know it’s frustrating. However, although I would love to assist you, I cannot because of state regulations that protect a patient’s privacy and confidentiality. If you can get me a signed medical release from your brother, I would be happy to copy his file for you. Can you do that? And, so you won’t have to make another trip in here, if you have a fax number, I can get them to you that way.” In this instance, you have empathized with the customer, stated what you cannot do, explained why, and offered a way to resolve the problem along with a recovery strategy (e.g., fax).

In another situation, you may want to help a customer but cannot because your abilities, time constraints, resources, or the customer’s timing of a request prevent fulfillment. Here are some examples of such situations, along with possible responses to your customer:

Your abilities. You work in a pet supply store, you are the only person in the store, and you have a severe back injury that prevents you from lifting anything over 25 pounds. A customer comes in and buys 50 bags of chicken feed, each weighing 100 pounds. She asks that you help her load the bags onto her truck.

YOUR RESPONSE: “Ms. Saunders, we appreciate your business. I know your time is valuable and I’d love to help you. However, I have a back injury and the doctor told me not to lift anything over 25 pounds. I’m the only person working here during the lunch hour. If you can come back in half an hour, I’ll have two guys who will load bags for you in no time. Would that be possible? For your inconvenience, I’ll even take \$10 off your order total.”

Time constraints. You work in a bakery and a distraught customer comes in at 3 P.M. Apparently he had forgotten that he was supposed to stop by on the way to work this morning to order a chocolate cake for his daughter’s first birthday party, which is at 5 P.M. He wants you to make him a two-layer chocolate cake.

YOUR RESPONSE: “Mr. Simon, that first birthday party sounds exciting, and I want to help you make it a success. However, realistically, it just cannot be done. We sold our last chocolate cake half an hour ago, and if I bake a new one, it will still have to cool before I can decorate it. You will never make it by five o’clock. I know it’s frustrating not to get exactly what you want. However, since your daughter is only one year old and won’t know the difference in the type of cake, can I suggest an alternative? We have virtually any other kind of cake you could want, and I can put on chocolate icing and decorate it for you in less than 15 minutes. Would that work?”

Available resources. You are in North Carolina, near the coastline. A customer comes into your lumberyard in search of plywood to board up his house a day before a major hurricane is predicted to hit the area. Since the impending

hurricane was announced on the news, you have been overwhelmed with purchases of plywood and sold out two hours ago.

YOUR RESPONSE: “Mr. Rasheed, I can appreciate the urgency of your need. Unfortunately, as you know, everyone in town is buying plywood and we sold out two hours ago. However, I do have a couple of options for you. I can call our store in Jacksonville to find out whether any plywood is left. If there is some, I can have it held if you want to drive over there. The other option is that we have a shipment on the way that should arrive sometime around 3 A.M. I’ll be here and can hold some for you if you want to come back at that time. Would either of those options work for you?”

Timing. It is April 13 and you are an accountant. With the federal tax filing deadline two days away, you and the entire staff of your firm have been working 12- to 14-hour days for weeks. A regular customer calls and wants to come in the next couple of days to discuss incorporating her business and to get some information on the tax advantages for doing so.

YOUR RESPONSE: “Ruth, it’s great that you are ready to move forward with the incorporation. I think you will find that it will be very beneficial for you. However, with tax deadlines two days away, we are swamped and there is just no way I can take on anything else. Since your incorporation is not under a deadline, can we set up our meeting some time around the first of next week? That will give me time to wrap up taxes, take a breather, and then give you the full attention you deserve.”

In all of these instances, you show a willingness to assist and meet the customers’ requests even though you are prevented from doing so. You also partner with them and offer alternatives for consideration. This is important, since you do not want to close the door on customer opportunities. Doing so will surely send customers to a competitor.

There might be other occasions when you or your organization do not meet a customer’s request even though it is possible to do so. In such cases, company restrictions keep you from fulfilling the customers’ request. In this type of situation, you sometimes hear service providers hide behind a phrase such as “Policy says.” The reality is that someone in the organization has decided for business reasons that certain actions cannot or should not be taken. If you encounter such “policies” that prohibit you from delivering service to customers, bring them to the attention of your team leader or management for discussion. These restrictions will most likely cost your organization some customers and result in bad word-of-mouth publicity. An example of such a situation, along with a possible response, is described below:

Situation. You work in a gas station in a major tourist area that has a policy that prohibits accepting out-of-town checks. A tourist from another state has her family with her and fills her car with gas. She then comes to you to pay for her purchase. She tells you that she has only personal checks and \$2 in cash with her. She is leaving town to return home at this time.

YOUR RESPONSE: “I know that this is an inconvenience, and I apologize. However, because of problems we’ve had in the past, we do not accept checks from banks out of this area. We will gladly accept major credit cards, travelers’ checks, or cash. Does anyone else in your car have a credit card or cash? We also have an ATM machine where you can use a bank debit card to get cash.”

3. *Show compassion.* To help the customer see that your remorse and desire to solve a problem are genuine, you must demonstrate empathy. Expressions such as “I can appreciate your trust,” “I understand how we have inconvenienced you,” or “I can imagine how you must feel” can go a long way in soothing and winning the customer over. Before you can truly address the customers’ problem, however, you must deal with their emotions or feelings. If you disregard their feelings, customers may not give you a chance to help resolve the breakdown. Also, keep in mind what you read about trust in an earlier chapter: you must give it to receive it.
4. *Provide compensation.* Prove to customers that they are valuable and that you are trying to make up for their inconvenience or loss. This penance or symbolic self-punishment should be significant enough that the customer feels that you and your organization have suffered an equal loss. The value or degree of your atonement should equal the customer’s loss in time, money, energy, or frustration. For example, if a customer’s meal was cooked improperly and the customer and others in the party had to wait, you might give the customer a free meal. If you forgot a vegetable that was ordered and it came much later, a free dessert might suffice. The key is to make the offer without the customer having to suggest or demand it.

Not only must the recovery compensate original loss, it should give additional value. For example, if a customer had an oil change done on his or her car and oil was spilled on the carpet, an appropriate gesture might be to give the oil change free and have the carpet cleaned at your company’s expense. This solution compensates for inconvenience and lost time while providing added value (saving the cost of the oil change).

5. *Conduct follow-up.* The only way to find out whether you were successful in your recovery efforts or whether the customer is truly satisfied is to follow up. The preferable methods are face-to-face questioning or a phone call. This contact should come within a few days after the complaint was resolved. It could take the form of a few simple statements or questions (e.g., “I am following up in case you had any additional questions” or “I’m calling to make sure that _____ is now working as it should be. Is there anything else we can do to assist you?”).

This last step in the recovery process can be the deciding factor in whether the customer returns to you or your organization. It is the phase that reemphasizes, the message “We truly care.”

7 Roadblocks to Service Recovery

Concept: Service recovery depends on the provider recognizing a roadblock and taking steps to remove it so that recovery steps can begin.

From time to time, you may find your recovery efforts blocked by your own actions or inactions or those of others in your organization. Some of the **roadblocks to service recovery** attempts are described in the next sections:

Not listening. As we discussed in the chapter on listening, you must take an active role to listen effectively. Not only must you receive data, but you must also analyze and act upon it. Many service providers go through the motions of listening, but they fail to do so accurately or actively. This can send the message, “I really don’t care about you.”

LEADERSHIP INITIATIVE

13.2

To help prevent putting employees and customers on a confrontational course, supervisors should develop effective service recovery strategies. These practices should be coordinated with frontline employees who deal daily with customers and who know what they want or request most often

when service breaks down. Once strategies have been decided upon, each employee should be trained on how to best implement them and informed of his or her level of authority in providing compensation.

Lack of respect. Closely tied to listening is the matter of customer respect. Your actions or inactions related to customers and their problems can lead to a perception that you are being rude or disrespectful. Either way, you and the organization lose as customers desert to a competitor.

Poor or inadequate communication. The quality and amount of communication between you and your customer can be the determining success factor. You should make every effort to constantly update and consult with the customers. If they feel neglected or left out, further dissatisfaction and loss of business loyalty could follow.

Inadequate or outdated materials or equipment. Trying to provide service excellence without the necessary tools is frustrating and almost impossible. It also can destroy a customer relationship and trust. For example, you may be calling a customer from a list provided by the marketing department in order to update an address or to sell the customer new services or products. You may be unaware that others have already called the customer, that the customer has already made a purchase from another service representative, or that the customer had received a mail-order solicitation that had a different (and better) offer for the same products and services. Your frustration goes up and your credibility goes down in such a situation.

Lack of training. It's very difficult to perform at exceptional levels when you do not have the knowledge and skills required. Whenever you identify gaps in your knowledge or skill, you should approach your boss with a request for training. This training might be informal (e.g., audiotapes, self-study courses, Internet courses, or written materials) or formal (e.g., classrooms, one-on-one coaching, or conferences). The format is not as important as the results—you improve your skills to better interact with and serve your customers.

Work conflicts. No matter how much you care and want to provide quality service, you may fail if you overcommit or if your organization overextends its human resources. It's impossible to be everything to everyone. When work scheduling causes employees to be pulled in too many directions, failure is probable. To avoid this breakdown, constant monitoring of workload is required. Recommendations to your team leader or supervisor for schedule changes, job sharing, or reapportionment of workload might be appropriate.

Chapter Summary

Whenever a customer experiences an actual or perceived breakdown in service, prompt, appropriate recovery efforts may be your only hope of retaining the customer. In a profession that has seen major strides in quality and technology as well as increased domestic and global competition, service is often the deciding factor. Customers expect and often demand their rights and to be treated in an exemplary fashion. When they are disappointed, they simply go elsewhere. Your role in the process is to remain vigilant, recognize customer needs, and provide service levels that will keep them coming back.

SERVICE IN ACTION

Office Depot

CHAPTER 13

<http://www.officedepot.com>

Office Depot, Inc., was founded in 1986 and is headquartered in Delray Beach, Florida. In less than 20 years, Office Depot has become one of the world's largest sellers of office products and an industry leader in every distribution channel, including stores, direct mail, contract delivery, the Internet, and business-to-business electronic commerce.

As of 2003, there were over 43,000 employees throughout the world working for 1,059 Office Depots and its subsidiaries operating in 12 countries. There are also 22 domestic delivery centers and 13 regional call centers, plus state-of-the-art Internet sites. All of this contributes to the generation of \$11 billion annually in revenue. Viking Office Products, a wholly owned subsidiary of Office Depot, currently operates one of the industry's leading direct-mail marketers of office products worldwide.

The company's International Division has direct-mail, contract, Internet, and retail operations in 20 countries outside the United States and Canada. In addition, it sells office supplies and services through joint venture operations and licensing agreements in seven countries.

One reason for the phenomenal growth of the company is its approach to customer service, which is summed up in its value statement found on the Office Depot website:

... Fanatical Customer Service

- We impress our customers (internal and external) so much that they want to buy again.
- We give higher priority to people than to tasks.
- We do it right the first time but "wow" our customers on recovery when we miss.

Key Terms and Concepts

causes of service
breakdowns
information highway
prohibitions
reasons for customer
defection

roadblocks to service
recovery
service breakdowns
service options

service recovery
standards
strategies for preventing
dissatisfaction

Quick Preview Answers

1. T
2. F
3. T
4. F

5. F
6. T
7. T
8. F

9. T
10. T
11. T

Chapter Review Questions

1. What is service recovery?
2. What is meant by the term *service breakdown*? Define.
3. What are some of the organizational factors that can lead to service breakdown?
4. Which employee-related factors can contribute to service breakdown? List them.
5. Why do customers defect?
6. What are some strategies for preventing customer dissatisfaction? List them.
7. When a service recovery strategy is implemented, what are the five steps that should be taken?
8. What are some of the roadblocks to service recovery?

Search It Out



Search the Internet for Service Recovery Information

Visit a variety of websites in order to locate additional information on service recovery. Look for articles, books, research studies, or specific organizational strategies for handling service recovery. To locate the information, select some of the key terms mentioned in this chapter to prompt various search engines. Here are some of the terms you may want to try:

Service recovery
 Customer satisfaction
 Customer retention
 Service breakdowns
 Customer dissatisfaction
 Customer defection

Also, try these sites as a starter:

<<http://www.tarp>>
 <<http://www.ICSA>>
 <<http://www.SOCAP>>

Note: A listing for additional research on specific URLs is provided on the Customer Service website at <<http://www.mhhe.com/lucas05>>.

Collaborative Learning Activity

Role-Playing Failure to Address Needs

To give you some practical experience in using the techniques described in this chapter, you will interact with others in your group. Your instructor will assign one or more of the following activities.

Option 1: Pair up with another student and develop several scenarios in which a customer's needs or concerns have not been addressed. Role-play these scenarios, with each of you alternately taking the role of service provider and customer. Be sure to incorporate tips and strategies discussed throughout this book.

Option 2: Working with your classmates, develop a list of open-ended questions based on information related to service recovery that was covered in this chapter (similar to the type of questions in the From the Frontline interview at the beginning of this chapter). Use the questions to conduct an informal survey of friends, peers, and relatives. Try to determine what works and what does not work in service breakdown situations. Discuss your thoughts with other members of the class and then use this information to improve your own service efforts.

Face to Face



Handling Service Breakdowns at AAA Landscaping

Background

You are the owner of AAA Landscaping, a small company in Orlando, Florida, that specializes in resodding and maintenance of lawns. Much of your business is through word-of-mouth advertising. Once a contract is negotiated, portions of it are subcontracted out to other companies (e.g., sprinkler system repair and pesticide services). Recently, you went to the home of Stu Murphy to bid on resodding Stu's lawn. Several other bids were obtained, but yours was the lowest. You arranged for work to begin to remove old grass and replace it with St. Augustine grass sod.

As part of the contract, Stu had asked that some basic maintenance be done (e.g., hedge and tree trimming, hauling away of old decorative wooden logs from around flower beds, and general sprucing up of the front area of the house). Also, fertilizer and pesticide were to be applied within two weeks. The contract was signed on Wednesday, and the work was to be completed by Saturday, when Stu had planned a party.

Your Role

You were pleased to get the contract worth over \$1,200. This is actually the third or fourth contract in the same subdivision because of word-of-mouth advertising. The initial sod removal and replacement, weeding, and pruning were completed on Saturday, and you received full payment on Monday.

Later in the week you received a call from Stu stating that several trees were not trimmed to his satisfaction, debris covering decorative rocks along hedges was not removed as agreed, and bags of clippings had been left behind. Because of other commitments, it was several days before you sent someone out to finish the job. A day later, Stu left another message on your answering machine stating that there was still an untrimmed tree, the debris remained, and the clippings were still in the garage. You didn't get around to returning his call. Over a week later Stu called again, repeating the message he'd left before and reminding you that the contract called for pesticide and fertilizer to be applied to the lawn. You called back and said that someone would be out later in the week. Again, other commitments kept you from following through. Stu called on Saturday and left a fourth message on your answering machine. He said that he was getting irritated at not getting callbacks and action on his needs. Without returning Stu's call, you responded by sending someone out on Tuesday to take care of the outstanding work.

It's been several days since the work was completed, and you assume that Stu is now satisfied since you have heard nothing else from him.

Critical Thinking Questions

1. Based on information in this chapter, how have you done on providing service to Stu? Explain.
2. What were Stu's needs in this case?
3. Could you have done anything differently?
4. Are you sure that Stu will give a good recommendation to neighbors or friends in the future? Why or why not?

PLANNING TO SERVE

CHAPTER 13

In an effort to head off potential service breakdowns and an ultimate need to provide recovery, answer the following questions. Use your responses as a guide or checklist when serving customers.

1. What actions or circumstances have you noticed lead to service breakdowns in organizations where you were either a customer or service provider?
2. What are some effective service recovery strategies that you have witnessed service providers use?
3. When you were a customer and service broke down, what recovery strategies were effectively used to help "make you whole?"
4. When you were a customer and service broke down, what ineffective recovery strategies did you experience?"