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AN EYE ON THE INDUSTRY SINCE 1970

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Service Recovery: A Powerful Tool for Success

Service Recovery. Those two words can make the difference between success and failure. And yet most people in management positions don't know what the term means, let alone how to use service recovery to establish a loyal customer base and increase sales.

Let me give you two examples of customers who had a problem with a business. Mary meets a friend for dinner at ABC Restaurant; a few blocks away, Frank is dining with a coworker at XYZ Restaurant. Mary had made a reservation for 7 p.m. and waited for 45 minutes before being seated. Down the street, Frank's steak was under-cooked and was sent back to the kitchen.

When Mary complained about the long wait for a table, the hostess simply said, "We're very busy tonight" and went on her way. When Frank complained about his steak, his waiter apologized, immediately returned it to the kitchen, and offered Frank and his dinner companion free desserts.

Which restaurant would you patronize? I think the answer is evident. The waiter at XYZ Restaurant apologized for the problem and compensated Frank for the mistake, sending the message that the restaurant values Frank and his business.

Every organization, no matter how good it is or how awesome its service, makes mistakes. It's how employees handle those mistakes that determines the level of service the organization provides and the loyalty that service instills in its customers.

Service recovery means doing whatever it takes to solve a customer's problem—and doing it quickly. Most companies, not

only in the United States but throughout the world, don't know what service recovery is, or the impact it can have on their bottom lines.

Service recovery means providing service that is so amazing that the customer tells everyone she knows about it. That word-of-mouth advertising is cheap and powerful and will bring more customers—and their money—through your doors.

If you'd like to grow your business, focus on service recovery by taking these four steps:

1. Act Quickly—If you can solve a customer's problem quickly, in 60 seconds or less, you not only maintain that customer's loyalty, you save your organization money. How? The cost to move a complaint up the ladder takes more time and increases the cost of resolving the situation by getting others involved. The real magic happens when a frontline employee handles the situation.

2. Take Responsibility—Most employees, when faced with a complaining customer, take the attitude, "I didn't cause the problem, so why should I apologize?" They take complaints personally rather than merely apologizing for the situation and then work quickly to resolve it. Instead of running for cover, you should simply say, "I'm so sorry for the problem; let me take care of this for you."

3. Be Empowered—In order to put service recovery into practice, it's imperative that managers and supervisors

empower their employees. That means giving them the authority to do whatever is necessary to take care of the customer.

4. Compensate the Customer—Every organization has something of low cost but high value that it can give a customer as compensation for a problem. A hotel can upgrade a guest's room to a suite, a cell phone company can give a client 1,000 free minutes, and an appliance company can extend a warranty for a year. In each of these cases, the cost to the company is virtually zero.

There is a distinction between customer service and service recovery. If I buy a refrigerator and discover that it does not work, and the store gives me a new refrigerator, that's customer service. If, however, the store replaces that refrigerator and gives me an extended two year warranty at no charge, that's service recovery.

When you practice—and perfect—service recovery, your customers will sing your praises to anyone who will listen. That word-of-mouth advertising will bring in new customers and strengthen your bottom line. Service recovery is a powerful tool for success that you can't afford to ignore. **RO**

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