

Houston... We Have A Problem

Learning how to succeed...from our short falls
by Paul Fayad

As providers of laundry and linen services it is our desire to deliver outstanding services at reasonable prices. We profess it in our mission statements, vision statements and we applaud it in our third party scores. The concept of excellent customer service is the desire for all of us in our industry and for that matter in all industries.

How important is customer service? There are countless books written about customer service. Amazon.com lists over 100,000 books relating to customer service. There are customer service gurus who travel the country teaching us the foundation of true excellence in the delivery of customer service, including schools that teach customer service such as the Disney Institute, and the Ritz Carlton Leadership Center. Google the words “customer service” and you will have 234,000,000 choices, as opposed to 37,900,000 Google choices for “strategic planning for business”.

The primary purpose of all companies is to attract and retain customers at a profit. According to Dun and Bradstreet the single most important reason for failure in businesses is a lack of sales which includes resales. This means that every associate who works within our organization is responsible for the success of the company. Therefore the delivery of excellent customer service is everyone at every level’s responsibility.

Which leads us to the purpose of this article, what do we do when we fail to deliver what the customer expects? Notice, I did not say, what do we do when we don’t deliver excellent customer service. The difference being that we should begin our exercise with the understanding that the customer’s perception of excellent customer service, is all that matters.

So let’s begin to establish the processes that will help us when these situations occur. The positive attribute of a service failure is that it gives us the opportunity to fix it. And additional time provides us with more opportunities to win and wow the customer. A customer’s faith can be restored using this kind of approach – once. We have noted something referred to as a “recovery paradox,” in which customers can be more delighted by a skillful service than they are by service that was failure-free to start with (Michel, Bowen, Johnston, September, 2008). However, the article goes on to explain that customers have a lower tolerance for poor service recovery than for poor service. Simply put, you get one chance to provide service recovery and it is vital to get it correct the first time.



“The positive attribute of a service failure is that it gives us the opportunity to fix it .”

I would like to focus on three key areas that determine our ability to succeed from our shortfalls.

- **Internal customers** - our associates including management
- **External customers** and their perception of justice in the process and finally
- **The actual recovery process**, to not only resolve the shortfall but to keep it from happening again.

Internal customers, our associates at all levels, must be able to not only deliver outstanding customer service but they must be able to recognize service failure and be able to initiate the service recovery process without hesitation. Internally, we need to focus on training and education in the correct processes for both customer service and service recovery. Transparency needs to occur daily in all areas of operation. Everyone has a voice and can help all areas to be successful. As an example, the delivery team needs to listen to the customer and provide feedback to the laundry on both positive and negative comments they may hear. In an advanced customer service focused organization, they would be directed to ask scripted key questions of the end users to gather information that could improve services.

Delivery personnel are often viewed as agents or representatives of the laundry. Although these employees may not be responsible for committing the service failures and mistakes, many of the recovery activities may fall into their domain (Sparks and McColl-Kennedy, 2001). This means that they are an important part of the recovery. No reaction, viewed as apathy, or even worse, negative comments about the processes back at the laundry will not only lose a customer but can create a negative reputation and even negative references.

Internally customer surveys help provide important feedback to the staff. The more transparent the survey process, the more engaged the staff will be in the delivery of proper customer service. Setting quality goals, sharing data, creating excitement with rewards and recognition provides a true customer service focused environment. We all know that quantity is critical in the laundry process for financial reasons. Quality, however, is what keeps customers and creates loyalty. Focus needs to be on both. Share failures as well as successes. Viewing service failures and lost customers as an opportunity to improve processes creates a positive work environment.

The focus is on what are we doing right that keeps our customers and when we have a shortfall what was the variance in the process that created this service failure. Management must engage the associates at all levels to provide not only fast service recovery but more importantly, the repair to the process that caused the shortfall.

Finally, associate behavior is critical in the service recovery process. Sincerity, empathy, and speed in the process are critical. Managers and key associates such as delivery and receptionists must be trained to handle any shortfall that may occur. Their initial response and immediate follow up will determine whether you keep the customer, lose the customer

and even create a negative reference. Make certain that the associates in these key positions have the correct personalities, are well scripted, and empowered to provide immediate service recovery. Dissatisfied customers are more likely to complain to companies with a reputation for being responsive to complaints (Day and Landon, 1977; Granbois et al., 1977).

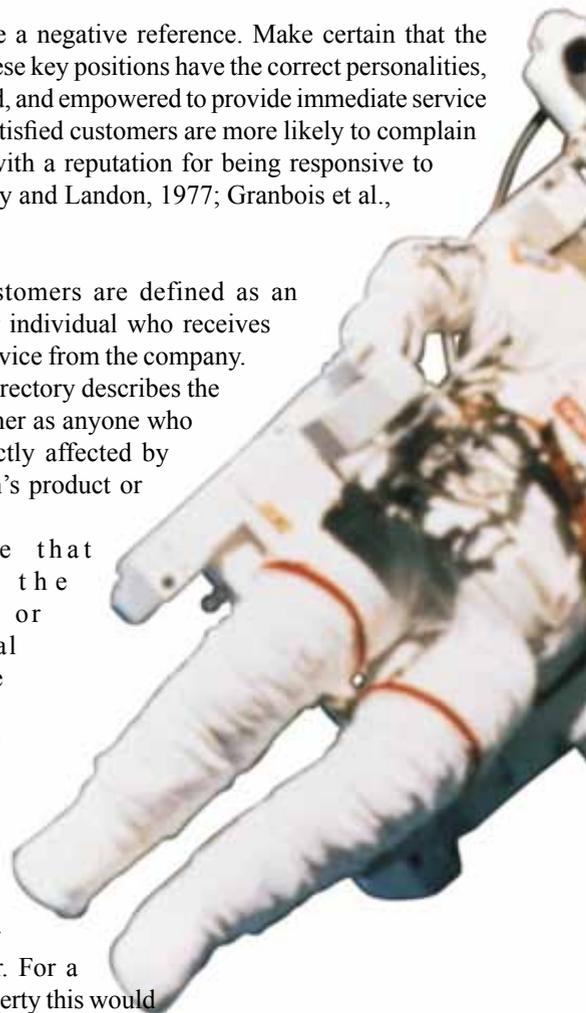
External customers are defined as an organization or individual who receives a product or service from the company.

The business directory describes the external customer as anyone who uses or is directly affected by an organization's product or service. For

healthcare that includes the onsite linen or environmental service department. This may also include the facilities nursing or clinical staff and the patient and/or family member. For a hospitality property this would include the housekeeping department, the onsite manager, and the guests.

Effectively gauging quality can be challenging. Shortfalls in service can occur with any one of these customers. Surveys are vital in all areas. We must also rely on the relationship between our key associates and the key associates at each facility we serve. Many organizations have third party surveys used to measure satisfaction from customers. This information provides invaluable feedback. Surveying our direct customers is also critical in determining satisfaction. Surveys that provide negative responses without specific data or from anonymous customers need to be reviewed by the organization the same as data correct surveys. You cannot afford to ignore any feedback. In survey friendly organizations this type of data is compared to other feedback and validated for accuracy.

Research has shown that there are specific types of emotions exhibited by customers based on the degree of blame for the shortfall (Ennew and Schoefer, 2003/6). This is important for our key associates to understand in the service recovery process. Those who blame another party, typically the company or the employee, generally feel anger, disgust, or even contempt. These negative emotions are the ones that most likely lead to complaining (Folkes et al., 1987). They probably also lead to negative word of mouth communications to family and friends (Westbrook, 1987).





Customers who see the cause of the problem as situational with no one to blame, tend to feel distress or fear. These emotions do not result in much complaining (Stephens and Gwinner, 1998). Some studies show that customers may not complain because they empathize with or feel compassion for the employee who may have caused the problem (Stephens and Gwinner, 1998). The propensity of individuals to complain may be influenced by the market environment, the nature of the service/service provider and by a variety of personal factors including but not limited to attitudes, personalities and emotions (Ennew and Schoefer, 2003/6).

There is always the debate that some customers cannot be satisfied, that they tend to exaggerate and are always looking for a reason to complain. In my experience I have found this to be true in an extremely small percentage of customers. There usually is a communication breakdown between this type of customer and our representative. By changing our representative the problem solves itself. The reality is if the customer truly is incapable of being satisfied it would be wise to carefully remove them as a customer since they will provide a poor reference. It is important to create as amicable of a separation as possible. The high performing organization recognizes this type of a customer during the survey or bid process and makes a team decision on whether they will become a customer.

A study published by Hui Liao, Rutgers, The State University of New Jersey, (Do it Right This Time:) The Role of Employee Service Recovery Performance in Customer-Perceived Justice and Loyalty after Service Failures, divides a customer's perceived justice into four categories:

Distributive Justice (Adams, 1965), is whether or not a customer receives a fair economic or social outcome after they complain about a service problem.

Procedural Justice (Thibaut and Walker, 1975), concerns the policies and procedures used to resolve the complaint.

Informational Justice (Thibaut and Walker, 1975), concerns the adequacy of information and communication provided.

Interpersonal Justice (Greenburg, 1993), concerns the sensitivity and respect displayed by the employees handling the complaint.

Although there are four distinct forms of justice and each can be independent of each other in any given service failure, they tend to be interdependent and should be used to focus on their contribution to an individual's overall sense of fairness (Ambrose and Arnaud, 2005) and (Colquitt, Greenburg and Scott, 2005).

Throughout the course of doing business in the contract service industry it is prudent to understand each customer and their specific needs at each location. All associates in contact with customers should be coached to ask for, understand, and deliver their customer's expectations. Open conversations should occur during each contact between your associates and their customers regarding their perception of service, what can be improved, and what the current level of service is at based on a pre-established numerical standard. If associates know their customer and can determine their perception of justice, if a service failure occurs they should be empowered to act immediately.

Interpersonal and informational justice should occur in most cases without exception. Studies have shown that associates who are calm and respectful during the service recovery process and who provide time frames for resolutions help defuse the situation and can keep it from becoming larger and more intense. In most cases we attempt to solve issues at the first level within the first one to two hours. Distributive justice may involve a second level of approval; however, we still have the first responder communicate the resolution. Procedural justice is provided as part of the resolution to improve the process so we do not have reoccurrence of service failures. Most of our customers appreciate the knowledge that when a service breakdown occurs, we not only resolve the immediate failure but we also provide information on the process improvement that will keep us from repeating the error.

The final area of review is the process itself. We must understand the concept of process management. In our daily routines we follow procedures, policies, work rules and safety rules. Each job we execute is a process. Processes that are exceptional and have provided the best outcomes become best practices. Our focus in management is to establish, with our associates, processes for all areas of service. Once processes are established we have consistency and order. The opposite is inconsistency and chaos when everyone does a specific routine their way and different each time. Process improvements occur when we improve each process, and qualify its improvement by measuring its success compared to the baseline. Customer service includes many processes such as measuring, celebrating, and training to name a few. Service recovery is also a specific series of processes. These processes are based on research and success through quantifiable data collect for many years at different companies in many industries.

At HHA Services we follow a simple Service Recovery Process called the ABC's of Service Recovery:

- A- Apologize, accept responsibility, and perform active listening.
- B- Do not place blame on any people or processes.
- C- Show compassion and empathy, communication constantly.
- D- DO IT, correct the error immediately.

Every organization needs a service recovery process. It should be in written format and if possible include a video for training



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purposes. You should practice the process and script each person who comes in contact with your customers. Communicate successes and failures with all the associates. Provide them with a list of your customers and where they score your facility on the surveys. This type of transparency will build team unity when they don't meet your customer's expectations. It keeps errors from reoccurring and it provides buy in from everyone within your organization. Let's break down key components of a successful service recovery program:

1. Be polite, courteous, and show empathy. Justice is fostered when individuals feel they have been treated with respect, dignity, and sensitivity (Colquitt, 2001).
2. Apologize. Research has shown that apology is associated with higher customer satisfaction following a service failure (e.g., Conlon and Murray, 1996,; Smith et al., 1999; Tax et al., 1998).
3. Correct the mistake. Beyond receiving the apology, customers expect the mistake to be corrected and the problem solved in order to achieve justice if they have taken the time to voice the complaint (McColl-Kennedy and Sparks, 2003). Inadequate resolution produces a “double deviation” effect and will result in a perceived injustice, intensifying the customer's dissatisfaction.
4. Do it quickly. Justice research shows that the timeliness of decision making influences fairness perception about the decision reached (e.g., Conlon and Fasolo, 1990). Tardy responses will signal to the customers the company's guilt and stalling (Conlon and Murray, 19996). The bottom line is the longer it takes to satisfy the customer the angrier they will get. Eventually they reach a point of apathy and will never be able to be satisfied.
5. Provide an explanation and thank them for helping to improve the process of serving your customers. This will help alleviate customer's bad feelings about the service failure (Liao, 2007). Customers reported higher levels of perceived interactional justice when provided with explanations of what might have gone wrong (Tax et al., 1998).
6. Provide compensation. John Tschohl, Service Recovery, 2006, points out that solving the issue and giving the customer something of value increases the customer's loyalty to your organization more than if there was never a service breakdown to begin with.

Potential situations can involve your delivery personal who may, in the course of delivering linen, receive a complaint on the timeliness of the delivery. Top things your driver should not say:

1. “This time of the year we are always slower due to volumes and weather.”
2. “I told my boss that you would complain, they don't listen to me.”
3. “We laid off two drivers and I am working as fast as I can.”
4. “I can't believe you are complaining about a 2 hour delay.”
5. “Things are just not the same since “John” left the company.”

The following are examples of how this type of issue should be addressed:

1. Prior to the delivery a call should be made to inform the customer of the delivery being late and the new time it will be delivered. This should be made by the manager and an apology should be included.
2. The delivery associate should be courteous and once again apologize.
3. A thank you card could be delivered with the late delivery from the owner/manager stating how much their business is appreciated and how sorry they are for the late delivery.
4. A coupon for free pizza for the facility or another in-kind gift could be included in the card as a small token of sincerity.
5. The delivery associate should be courteous and empathetic. They should be positive about their manager and the company they represent.

Never assume that you have apologized enough or that you have provided enough justice to your customer after a service failure. In service recovery it is always better to over react then to under react.

Finally, know your statistics and share them with your associates as they provide valuable information validating the need for strong customer service programs and service recovery processes. The Technical Assistance Research Programs (TARP), commissioned by the White House Office of Consumer Affairs. Most of these studies were conducted in the 1980's but are still relevant in today's business world.

Facts about unhappy customers:

- 96% of dissatisfied customers do not complain directly.
- 90% will not return.
- One unhappy customer will tell nine others.
- 13% will tell at least 20 other people.

The US Department of Labor published the following statistics regarding solving service issues quickly:

- ♦ One out of 20 people will complain about poor service.
- ♦ They will tell at least 9 people.
- ♦ 10% will tell 20 to 30 people.
- ♦ 54 %to 70% will return if the complaints are resolved.
- ♦ 94% will return if the complaint is handled quickly.

These are just a small sample of statistics that are available on-line in and many service recovery books and articles. Below is a list of links that may prove useful in establishing a customer service and service recovery process.

http://www.1000ventures.com/business_guide/crosscuttings/customer_satisfaction.html

<http://www.wsj.com/article/SB122160026028144779.html>
Includes a video.

<http://www.sloanreview.mit.edu/smr/issue/1999/fall/3/>

<http://www.customer-service.com/loyal-for-life-c55.aspx>

<http://www.refreshers.com!/obsession3.html>

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ALM Educational Contact Hour Quiz #68

HOUSTON WE HAVE A PROBLEM

Name _____	ALM Membership # _____
Facility _____	Date _____
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Check all that apply: RLLD ___ RESD ___ CLLM ___ CESM ___	

Successful completion of this test provides one contact hour.

- Read the accompanying article and complete the questions below.
- Submit this test to ALM National Office by mail or facsimile (859) 624-3580.
- If a reply fax number is provided above you will receive confirmation of receipt within one full business day.
- A score of 70% or better is required to obtain one (1) contact hour. You will be notified if you score less than 70%.
- [Complete and Submit the quiz online](#)

Please indicate the correct answer below.

1. The primary purpose of all companies is to _____.
 - a. please all of the customers all of the time.
 - b. attract and retain customers at a profit.
 - c. increase sales and eliminate the competition.
 - d. none of the above, as some companies are not-for-profit.
- T or F 2. The positive attribute of a service failure is that it gives us the opportunity to fix it.
3. A "recovery paradox" is a situation where _____.
 - a. there are times that a lost customer simply cannot be satisfied.
 - b. typically every lost customer can be recovered.
 - c. customers just want to be "wooed"
 - d. customers can be more delighted by skillful service than by failure-free service.
- T or F 4. Internal customers refer solely to the clinicians within an on-premise laundry operation.
- T or F 5. Surveys that provide negative responses without specific data or from anonymous customers need to be reviewed by the organization the same as data correct surveys.
- T or F 6. Situations that come from customers who see the cause of the problem as situational with no one to blame tend to feel distress or fear and often do not result in much complaining.
- T or F 7. The author feels that if the customer truly is incapable of being satisfied it would be wise to carefully remove them as a customer since they will provide a poor reference.
- T or F 8. Each job we execute is a process, and the best run organizations provide associates the opportunity to vary processes to best serve the management style of the associate/individual as opposed to a specific routine.
- T or F 9. Never assume that you have apologized enough or that you have provided enough justice to your customer after a service failure.
10. Select the item below that is true about an unhappy/dissatisfied customer.
 - a. 96% will complain directly
 - b. the majority of unhappy customers will eventually return
 - c. one unhappy customer will tell nine others.
 - d. all the above are true.