

LOYAL FOR LIFE

Service Recovery Training Program



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Section 1: Introduction _

Welcome!

Congratulations on being selected to participate in the ***Loyal For Life*** Service Recovery Training Program. Your employer sees you as an important part of this organization and embraces Service Recovery as an important aspect of overall customer service for anyone who works with customers.

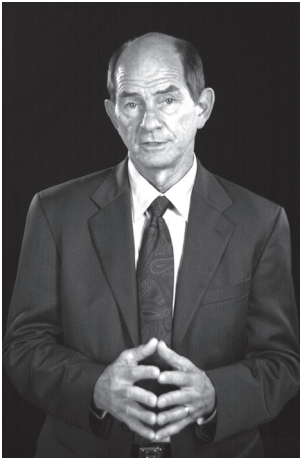
We use the phrase “Loyal for Life” because that’s what service recovery strives to create a customer who will remain loyal to your organization throughout their entire life and one that will sing your praises to all who will listen.

During this program we invite you to step back and take a look at yourself, your fellow employees and the customers you serve.

Loyal for Life is designed to help you apply your skills in delivering excellent customer service in an environment that focuses on the customer. This training program will help convey the attitude and techniques that are essential to problem solving giving you practical tips on how to ensure customer satisfaction.

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Your group leader will direct you through each section of the program and facilitate discussions,



but this is not a lecture. The success of the program rests with the honesty and openness of the group and with you. Ask questions as often as possible. There are no right or wrong questions or answers. You will be shown a series of video presentations and perform a few written exercises and assignments. Your Participant's book will help guide you through each session of this training. Use it to follow along, to make notes, and to guide you through the exercises and discussions. Once you complete the training session, keep the Participant's book for future reference.

The first video you are about to see represents a typical customer complaint. While it is set in a supermarket, this situation could occur in any organization that works with customers. As you watch this vignette, think about your organization and how you deal with customers every day. Afterward, your leader will take you through the following questions.

EXERCISE 1: Getting in the Service Recovery Frame of Mind

1. What went wrong in the first vignette?

2. What was the first mistake the employee made when dealing with the customer complaint?

3. What do you think the supermarket owes the customer?

4. What could have been done to remedy the situation?

5. If confronted with a similar situation at your job, what would be your response?

6. What does the term “service recovery” mean to you?

Why We're Here

While consistent customer service is critical to the success of any organization, even the most customer-friendly organizations make mistakes on occasion. How organizations and their employees recover from those mistakes elevates the true customer service leaders.

It's how you respond or 'recover' that helps to salvage a bad experience.

Like any organization, you will have problems. It's how you respond or 'recover' that helps to salvage a bad experience. That's why we want to focus on the important concept of "service recovery."

What you're about to hear and read may seem difficult to believe, but it's true.

Many executives are unable to define "service recovery." They don't clearly articulate to their employees how they want them to respond to customer service problems or complaints. Now, if executives don't know how to practice 'service recovery,' their employees can't be expected to practice it.

By using this program, your organization has chosen to make the difference and put its trust in you. It acknowledges the ideals of service recovery and supports the procedures you will learn and apply when you return to work.

Service recovery is not just a set of rules. It is a philosophy that compels you to see customer encounters from a customer's point of view so you understand how to be on your customer's side.

The ***Loyal for Life*** program is a primer on service recovery. Within these pages and through this seminar we will:

- Define service recovery,
- Show you how to implement it through empowerment,
- Identify service recovery models, and
- Describe skills and techniques that will help you transform a dissatisfied customer into one who is happy and loyal.

Loyal for Life will help you improve your customer service skills. It will help you learn how to value every customer and how to earn their loyalty. It will help you identify problems and solve them quickly. It will show you ways to keep customers loyal and prevent them from defecting.

Service recovery differs with every customer and with each circumstance, but after you've finished this ***Loyal for Life*** training program, we expect the results of your efforts will always be the same a satisfied customer.

SECTION 1 REVIEW: Points to Remember

- Service Recovery is fundamental to customer service.
- Service Recovery separates customer service leaders from the rest of the competition.
- Service Recovery helps you become a service leader.

Service Recovery tells our customers that we will do whatever it takes to serve them and earn their loyalty.

Section 2: What is Service Recovery?_____

Customer-Centered

Customers are the lifeblood of your organization. Everything you do starts with them and depends on their satisfaction. Quality customer service can only take you so far. When loyal customers come to you with problems or complaints, your ability to solve those problems can distinguish your organization as a service leader. That's called service recovery and to many, it's the difference between ordinary and excellent performance.



Maintaining loyal customers is just as important as acquiring new ones. Organizations spend millions of dollars on advertising every year to bring in new customers and retain those who are loyal. Service recovery will help you keep those loyal customers from defecting. It will create new customers by increasing word-of-mouth advertising. It will help you to provide quality service to all customers and to grow your organization — all at the same time.

Let's go back to the video and watch the previous scene again to see how service recovery can work.

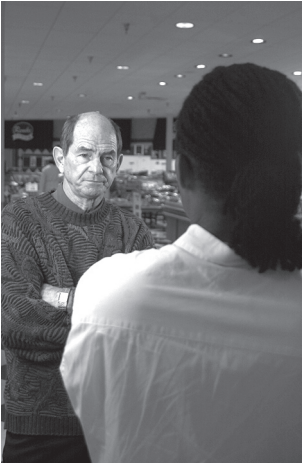
EXERCISE 2: A Service Recovery Overview

1. Compared to the first vignette from section 1, what went right this time around?
2. Is there anything that still needs work?
3. Is the employee's reaction believable? Could it happen at your job? Do you speak to your customers that way? Are you allowed to handle their problems?
4. Did the employee give the customer too much in response to the problem? Too little? Just the right amount? Why do you think so?
5. Based on your experience, when customers present similar problems, do you believe they are telling the truth?

6. Would you have done anything differently? Would you have felt compelled to do anything differently?

7. Do you have the authority to make a decision that compensates a customer in the way Mr. Simon was compensated for his trouble? What would happen if you offered compensation at your company?

Defining Service Recovery



Simply put, we all make mistakes. Often our customers are caught up in these errors. Sometimes the errors are our fault; other times, customers wrongly choose to assign the blame to us. Either way, if a customer perceives an error, they don't care who is at fault. They only want the problem resolved.

We still have not answered the question: What exactly is service recovery?

Service recovery is how we overcome our mistakes and restore customer loyalty. Service recovery is solving a customer's problem or complaint and compensating them for their trouble, leaving them feeling as if they've just done business with the greatest organization on earth. It is putting a smile on a customer's face after you've screwed up.

Sounds easy, right?

Oh, and effective service recovery means overcoming mistakes and creating a customer for life all in 60 seconds or less.

For your organization to succeed, it's critical that everyone — from the CEO to each employee at every level of your organization understands, practices, and supports service recovery. If they don't, customers not only will defect, they will

tell others that they are dissatisfied with your organization. And that means that you'll not only lose those customers but others as well.

Service Recovery in Action

Service recovery should be your instinct whenever a customer reports a problem or mistake. You must act quickly and decisively. You must use all of the skills and tools at your avail in order to build customer loyalty and bring customers back from the brink of defection.

Practicing service recovery is more profound and significantly more powerful than simply saying you're sorry. When a mistake has been made or there is a misunderstanding, you generally have just 60 seconds to bring a customer back from the brink of defection. Don't waste any of it. Take responsibility immediately, no matter who is at fault.

It takes confidence to accept responsibility and it takes humility to apologize sincerely. Saying "you're sorry" is only the first step, but accepting responsibility is critical to defusing a problem situation. When a customer knows you are on her side you can both work to solve her problem.

Solving their problem may not always be enough. You need to regain their trust and overcome any inconvenience or cost related to the problem. You need to ensure the customer's continued patronage by giving him something of value as compensation. Every employee in your organization who works

The steps to Service Recovery

- ☐ Act quickly.
- ☐ Take responsibility.
- ☐ Be empowered.
- ☐ Compensate.

with customers needs to be empowered to make decisions that will result in satisfied and loyal customers. You should not need approval of a supervisor or manager in order to act on your customer's behalf. And each employee — on the frontlines or in the back offices — should understand how to implement service recovery. Talk with your supervisor about your organization's policy of empowerment.

The Cost of Service Recovery

Let's consider the cost of recovery. Imagine that you feel that you've been inconvenienced you've had to wait while your complaint is resolved. Your instinct is to seek recognition even compensation for your time, expense or the harm done.

How you make amends to a customer signals the importance of their patronage. Giving a customer \$5 or a minor gift has no real impact. What you give to that customer must have value in their eyes. It has to be something that will ensure not only that they will continue to patronize your organization, but that they will tell everyone they know about your wonderful service.

Every organization has something of value it can give to a customer who has experienced a problem.

What does your organization manufacture, sell, or provide as a service - something

with a true cost that is less than it's perceived value, something that can transform a frowning customer into one who will smile and praise your organization?

Let's review (we will go over each of these steps in more detail later in the program).

The steps to great service recovery are:

- Act quickly. Employees who work with customers must be able to implement service recovery.
- Take responsibility; don't blame. Apologize and have the self-confidence to accept responsibility for any mistake, regardless of fault.
- Be empowered. Make informed, rational decisions without fear to satisfy a customer.
- Compensate. After you have solved the problem, give the customer something he will value in order to compensate for any inconvenience.

Taking these steps helps to create a satisfied customer. And a happy customer will tell five to 10 others about your organization people who will be inclined to do business with you.

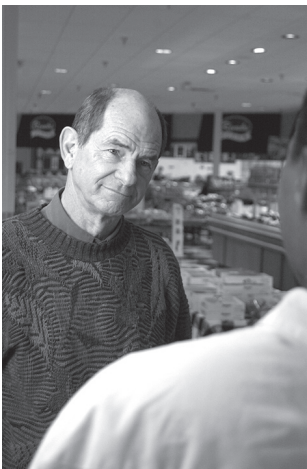


Word-of-Mouth Advertising

When you are looking for a product or service, where do you seek referral - advertising, friends, companies that provide that service? Most buyers value a friendly referral far more than an advertising message. For the seller, referrals also come far more cheaply!

Service recovery puts the WOW! into service and generates word-of-mouth advertising. It identifies new customers and solidifies existing ones - in a way no advertising campaign could command.

Most organizations think that a dissatisfied customer will never return. They are right. But that's only part of the consequence. Defecting customers will tell anyone who will listen about their bad experience. So not only does your organization lose a customer, it also loses potential customers who hear about your poor service. What's worse, you don't get the chance to defend yourself against such negative referrals.



A dissatisfied customer might tell as many as five people when they have a bad experience with an organization. On the other hand, people who experience superior service will be more inclined to spread the word to countless people about your organization and its employees.

Do not underestimate the importance of word-of-mouth advertising. Peo-

ple trust their friends more than they trust any corporate advertising. They even trust referrals from strangers more than your organization's advertising message.

Quality service recovery is among the most cost-effective advertising measures available to any organization. Consider that you are able to solve a customer's problem by giving them something worth \$50 using service recovery techniques. Now think about the return on investing that same \$50 in traditional advertising. If you approached a local newspaper or television station and said you wanted to place an ad for \$50, what do you think you would get for your money? Not much!

Quality service recovery is the best low cost advertising your organization can possibly do.

Service recovery is among the best one-on-one advertising programs you can offer. And it doesn't stop with that one customer. Your face-to-face interaction and superior service, supported by service recovery, will generate positive word-of-mouth advertising. This leads to increased customer loyalty and brings in even more new customers.

Is the customer always right?

It's a natural instinct to say that 'the customer is always right' but how many of us really feel that way? Take a minute and assign a cost to a dissatisfied customer.

You must treat customers as if they are always right.