

Recovery!

Turning Service Failures Around

Breakdowns in service are unavoidable. An ice storm forces you to miss a customer's shipping deadline. A waiter drops a tray in a customer's lap. A computer system goes down. A key person walks out on you with no notice—on the only day you couldn't possibly arrange coverage.

All of this, potentially, is good news.

Service breakdowns are uncomfortable, and they require training to resolve. But you'll find an opportunity hidden inside your company's worst moments: the opportunity to bring a customer closer to you. Indeed, you can learn to handle service breakdowns so masterfully that they actually help you to create loyal customers. Our method is outlined below.

The Italian Mama Method

The archetype of an adoring Italian mother is the spirit behind our approach to service recovery. Picture a doting parent after a toddler takes a tumble:

Oh, my darling, look at what happened! Oh, you skinned your knee on that walkway, my bambino; let me kiss that terrible wound. Shall we watch a little TV? And here's a lollipop for you while I bandage you up!

Minus the baby talk, this is pretty much how we recommend you react to service failures.

Does this style of response feel unfamiliar? That's understandable, since most service encounters seem to be based instead on what you might call the Courtroom Method:

Let's sort out the facts of the situation. What was the angle of the concrete in the sidewalk at time of impact, and were you wearing proper protective clothing per the user's manual at the time your knee impacted the concrete? And I need to ask, young man: Were you exceeding the sidewalk speed limit?

The Four Steps to Great Service Recoveries

Reacting like trial lawyers is a hard habit for service providers to break. To get your staff out of the courtroom rut and ensure they don't lapse back into it, respond to each service failure with a specific stepwise sequence:

1. Apologize and ask for forgiveness.
2. Review the complaint with your customer.
3. Fix the problem and then follow up: Either fix the issue in the next twenty minutes or follow up within twenty minutes to check on the customer and explain the progress you have made. Follow up *after* fixing things as well, to show continuing concern and appreciation.

4. Document the problem in detail to allow you to permanently fix the defect by identifying trends.

Let's run through these steps in detail.

Step 1: Apologize and Ask for Forgiveness. What's needed is a sincere, personal, non-mechanical apology. There are many creative and sensitive ways to convey that you recognize and regret what your customer has been through.

What does a customer want out of an apology? He wants to be listened to, closely. He wants to know you're genuinely sorry. He wants to know you think he's right, at least in *some* sense. He wants to know you are taking his input seriously.

Overall, he wants to feel important to you.

This means that the key to an effective apology, to getting back on the right foot with your customer, is to convey at the outset that you are going to take his side and share his viewpoint.

Preemptively Unwad Your Staff's Shorts

When your own employees first hear you taking the customer's side, don't expect them to be thrilled. ("Does my boss blame me? Does she actually believe that idiot's version of what happened?") You need to explain that it's often necessary to empathize with and even amplify the customer's side of the story. Explain that the customer may or may not be right in an objective sense. Regardless, you're going to be disproportionately sympathetic to the customer's viewpoint because the customer is *your* boss—the customer pays *your* paycheck, along with the paychecks of everyone else in the company.

Human nature being what it is, this explanation will bear repeating. Often.

Pay close attention to *how* you apologize, because apologies that come off as insincere will alienate customers. If you're like the rest of us, you'll sometimes feel an urge to earnestly *pretend* you're apologizing, when you're in fact mounting a canny defense argument. Learn to sniff out fake apologies—your own and your staff's—in order to protect your relationships with customers.

Fake apologies can be very sneaky. Some don't reveal themselves as fakes until you have time to think them through carefully. For example, consider the apparently simple sentence "Please accept my apology." If that sentence is offered in a rushed, impersonal manner, it will come across as an order: "*Accept my apology already so we can wrap this up. We need to move on here!*"

Here is another great example of a sneaky fake apology: "*If what you say is correct, I certainly apologize.*" (Translation: You, dear customer, are a liar.)

This one doesn't count, either: "*I'm sorry to hear that. We have wonderful receptionists. So I'm surprised to hear that you're unhappy.*" (Translation: "*If you can't get along with her, you can't get along with anyone.*")

One key to an effective apology is to *stretch the apology out*, extending it until the customer begins to really connect with you. Stretching out an apology feels awkward at first, and it's hard for staff to do. In part this is because service providers tend to be action-oriented: They naturally want to dive in and fix things right away. It's good to be practical, of course, but service recovery is not just a no-nonsense, nuts-and-bolts process. Service recovery is an emotional and personal moment in a relationship. To connect with customers emotionally, slow apologies down.

Slowing down apologies gets easier with practice, and the technique's payoff is worth the investment: Gradually, the customer's anger will start to give way to goodwill. When an unrushed apology has finally defused a customer's anger, she will spontaneously signal that she is beginning to feel allied with you by saying something like "I understand that it's not personally your fault." This improvement in tone tells you that you're ready for Step 2.

Step 2: Go Over the Complaint with Your Customer. In Step 1, you've begun an alliance with your customer; in Step 2, those collaborative feelings will let you explore what she needs for a good outcome.

Fully exploring the customer's issue often requires you to ask rudimentary questions—even ones that can feel insulting to a customer, like “Are you sure you typed your password correctly?” We refer to these as DYPII (“Did You Plug It In?”) questions. DYPII questions are likely to get customer hackles up. If you raise DYPII questions *before* you've finished Step 1, they'll often be considered offensive. But *after* you've developed collaborative feelings in Step 1, the same questions are generally tolerated well.

Just hold off with all the DYPIIness for now. Don't leap straight into problem solving.

You and your customer will get there eventually, together.

The Language of Service Recovery

Language, as mentioned in Chapter 3, is crucial in service recovery and needs to be addressed in a lexicon you create for your business. Little matters more when making a recovery: You'll never successfully get through it without the right words and phrasing. “I'm sorry, I apologize” are the words, delivered sincerely, that your customer wants to hear. Phrases like “It's our policy” and any synonyms for “You're wrong” must be banished.

If, in fact, the customer is wrong and there is a bona fide (e.g., safety-related or legally required) reason to point this out, you need words that express this obliquely—such as “Our records seem to indicate” and “Perhaps_____” so that she can realize her error but also save face.

In fact, the classically infuriating DYPII question, “Did you plug it in?” can be rendered as “*Maybe the wall connection is loose. Can you do me a favor and check where it plugs into the socket?*”

Step 3: Fix the Problem and Then Follow Up. So you've decided to replace a substandard service or product. That's a step in the right direction—but it's only a first step. Remember that the customer has been stressed, inconvenienced, and slowed down by your company. Merely giving her back what she expected to receive is not going to restore satisfaction.

A key principle in fixing a problem is to resolve the customer's sense of injustice—of having been wronged or let down. You do this by providing something *extra*.

You can find a way to restore the smile to almost any customer's face, whether it's a free upgrade or a more creative offering, like one-on-one consultation time with an expert on your staff. Collaborate with your wronged customer to figure out what would feel like valuable compensation to her, or use your initiative to get going in the right direction.

Ideally, your “something extra” will change the nature of the event for her: your special and creative efforts on her behalf will come to the foreground in the picture of the event she paints for herself and others, online or off, and the initial problem will move to the background.

For some customers the most valuable compensation isn't *material*. Some customers respond most positively to a chance to help improve your company. These customers want most of all to help make your service better, protect future customers from any similar wrongs, or feel assured that their advice is important to you. More often than not they do have insightful ideas about how to improve your business. So when a customer even hints at this motive, listen particularly closely and appreciatively to the suggestions you receive and make it clear that you will be passing the ideas along.

Customers who express critiques or suggestions are often expressing a desire to be involved in your company. In a way, they are offering themselves as unpaid volunteers. This sense of connection goes a long way toward helping them to become loyal to you. Don't squander the opportunity to connect with them during a service failure.

The Elements of Follow-Up

Various approaches to the follow-up are appropriate in different service settings, but they all should include *immediate*, *internal*, and *wrap-up* components. Together, the goal of these components is to ensure that the recovery goes correctly, that your customer feels appropriately taken care of, and that your organization gets the full benefit of customer loyalty from your recovery efforts.

Immediate Follow-Up If you've handled the problem yourself, check in promptly with the customer after the intended resolution. This underscores your concern. It also lets you catch lingering unresolved issues. Immediate follow-up is also important when you have *reassigned* the customer's problem to somebody else. For example: Suppose that you work in sales. A customer calls you (because you're the person she knows) to report being inconvenienced by a glitch on your website. Naturally, you hand off the technical resolution of the problem to your IT department. But will you ever know if IT actually ends up implementing a workable solution for your customer? Whether she ends up feeling taken care of by the technician? *You'll only find out if you check back in.* Customers want *you*, their original ally, to follow up on such questions, not just somebody over in IT, not even if you know for a fact that the IT person is best equipped to help.

Internal Follow-up Others in your organization need to be alerted *immediately* to the service failure a customer experienced. Here's why such service failure alerts are a hallmark of exceptional businesses:

- ▶ Your staff will know that any further interactions with this customer should be rechecked *beyond* the usual quality control.
- ▶ Your staff is cued to interact with the customer appropriately after the failure. It is not the customer's responsibility to explain his troubles once again—unless he wants to. Nor should he be forced to “act happy” to match your staff's incorrect expectations. They should al-

ready be aware of what he’s been through. For example: A restaurant can grace the departures of such customers with relevant words of thanks from the manager or maitre d’: “Your business means a lot to us, and we appreciate your patience this evening; I’m so sorry about the mix-up with your entrées and look forward to doing a better job for you next time.” That beats an off-puttingly cheery “How was everything this evening?” that makes it sound like the left hand doesn’t know that the right hand dropped the soufflé.)

► You can flag the unfortunate customer’s file for special treatment during her next visit or transaction—even if that special treatment is just the ability to return a knowing look or to share a laugh at your own expense.

Wrap-Up: Solidify your relationship with the customer by following up again with a handwritten note or phone call when the episode is over: “I’m sorry you experienced this problem. I’m so pleased to have you as a customer, and I am looking forward to welcoming you back.” Doing this by email is all right if you’re solely an online business, but it won’t have the same impact.

Step 4: Document the Problem in Detail. It’s natural to want to give yourself a breather after solving a customer’s problem. Still, make sure your staff is trained to record, every single time, the details of what went wrong—promptly, before the memory can fade or distort. We call this the *deposition*. Be scrupulous: The only way to prevent serious problems from recurring is to document the problem for careful analysis later.

Depending on your business, depositions can be high-tech or low-tech. The information can initially go into an incidents box, a problem log, or a verbal report, or it can be entered directly into its final software destination. In all cases, the documentation should include fairly detailed information. The particular details will depend on your business, but they usually include such notes as the time of day, the type of prod-

uct or service, how busy your business was at the time, and the details of the customer's circumstances.

Your goal in using this documentation is to identify trends or patterns that hint at underlying causes. For example, you might notice that a problem tends to happen around 3:30 p.m. on Wednesdays when Billy is on the job. This could lead you to consider whether Billy may have missed a particular training module. Or it happens only between 8:30 and 9:30 a.m., which leads you to notice that a freight elevator is always under maintenance at that time, creating unacceptably slow service. Or the complaints are always about rear wiper blades you sell, but only in your Eastern and Midwest franchises, leading you to discover an interaction between salted roads and the particular rear blades you stock. Or the complaints occur only when you are above 90 percent of your customer capacity, leading you to study whether your business can learn to run effectively at 90 percent-plus capacity (as a Disney theme park can manage to do), or if you need to build additional capacity or limit your clientele.

How Should You Compensate a Customer for a Service or Product Failure?

It depends. And that variability, in fact, is what's most important. Customers have diverse values and preferences—so your people who placate disgruntled customers need to be given enormous discretion. Still, there are principles that apply:

▶ *Most customers understand that things can and will go wrong.* What they do not understand, accept, or find interesting are excuses. For example, they don't care about your org chart: Your mentioning that a problem originated in a different department is of no interest to them.

▶ *Don't panic.* Customers' sense of trust and camaraderie *increases* after a problem is successfully resolved, compared to if you had never had the problem in the first place. This makes

sense, since you now have a shared experience: You have solved something by working closely together.

► *Avoid assuming you know what solution a customer wants or “should” want. Ask.* And if a customer makes a request that sounds extreme or absurd, don’t rush to dismiss it. Even if it seems on its face impossible, there may be a creative way to make the requested solution, or something a lot like it, happen.

► *Don’t strive for “fairness” or “justice.”* Our archetypal doting Italian mama doesn’t investigate whether her bambino obeyed the sidewalk speed limit before comforting him, and a customer’s warm feelings for a company aren’t about fairness. They’re about being treated especially well.

► *Learn from customer issues, but don’t use them as an opportunity to discipline or train your staff in front of your customer.* This may sound obvious, but it happens quite often. Watch out for this flaw, especially when you’re under stress.

► *Don’t imagine you’re doing something special for a customer by making things how they should have been in the first place.* Time cannot be given back—it’s gone. The chance to get it right the first time? It’s gone. So re-creating how things should have been is just a first step. You need to then give the customer something extra. Mama bandages a knee *and* offers a lollipop. If you aren’t sure which “extra” to offer a particular customer, just make it clear you want to offer something. If the customer doesn’t like red lollipops or doesn’t eat sugar, she’ll let you know. Then you can decide together on a different treat.

► *Keep in mind the lifetime value of a loyal customer.* A loyal customer is likely worth a small fortune to your company when considered over a decade or two of regular purchases. We have done lifetime customer value studies in our own companies and client companies, and frequently found the lifetime value of a loyal customer to be *up to \$100,000*—and occasionally even more. Perhaps in your business this number is a few thousand

dollars, or possibly it is half a million. It is well worth figuring out that number and keeping it in mind if you ever feel that temptation to quarrel with a customer over, say, an overnight shipping bill.

Use Your Own Experience to Prepare You

Disastrous handling of service breakdowns assault us everywhere in our daily lives. Our suggestion: Begin to use the world as your private research laboratory. Whenever poor problem resolution intrudes on you as a consumer, think about what was done wrong and how you as a provider could have resolved the failure better. That way, you're less likely to go ballistic from all the abuses you suffer as a consumer. (Hey, now you're *using* your frustrating experiences for your own company's benefit.)

Here's an example from Leonardo's daily life. A few years ago, he decided to redo his basement. Like other parents before him, he felt safer imagining his kids entertaining their friends at home where he could keep tabs on them. He decided to really do things up in a big way:

So I ask my two boys, "What would you like in the basement?"

"I want a foosball." Easy enough.

"I want a basketball court." Not so easy, that one.

Both boys agree they want a big-screen TV. Doting father that I am, I go to one of those stores and buy a big-screen TV. The price, to be honest, was a shocker. And what a beast to lug home.

Now, while everyone else sees my warts life-size, my kids are still at an age where they see me a bit like a medieval knight with a beautiful horse and shining armor with the feathers and the sword and the cape.

So I—I mean Sir Leonardo—and my boys take the TV out of the box. We're all excited. I plug it in. Nothing happens. Ding: the first ding in my armor.

“Daddy, what’s wrong? What’s wrong with the TV?”

I say: “I don’t know. The TV’s not working.”

“You mean you don’t know how to make it work?”

“Son, I know exactly how to make it work, but this thing is not working. Go check the breakers in the meantime.”

My son checks the breakers. “They’re fine.”

I double-check the breakers. Yep, fine.

I fiddle with the plug, move the plug, move the TV. Nothing. Ding. Another ding in my armor.

Finally, I, uh, Sir Shrunkalot, concede defeat: We need to bring the TV back.

What a nuisance! Put the TV back in the box, load it into the car, drive to the store. Go to the customer service desk. I don’t know why electronics stores do this, but they often put their most unfriendly, grudging people at the customer service desk. This one is no exception.

I say to this surly man, “Good afternoon, I just bought this TV and it doesn’t work.”

The man turns reluctantly away from some paperwork, looks at me, and says, slowly, “Well . . . did you plug it in?”

“Plug it in?” I ask with mock innocence. “What do you mean by that?” Customer service clerk: “You know . . . the plug goes in the wall . . . did you plug it in?” At this point, I admit, I get belligerent: “No . . . I just arrived from the depths of the untamed jungle last week. What is this concept called ‘plugging in?’ I thought this thing would spirit itself to life!” (Pause . . . the clerk is considering his next move—which might be to call security.) “Of course I plugged it in. What kind of question is that!?”

At length, he checks the TV. No life. After this development, he’s suddenly full of flowery sentences, but they only concern how wonderful and reliable this brand of TV has always been. Nothing about my predicament. I was honestly starting to think I had made a mistake (had the boys and I in fact plugged it in?). Finally, he replaces the TV. Before putting it in the car, I say, “Now you plug it in and see if it works.” The thing works; I take it home.

So they restored the original product. But am I happy with the process? Am I satisfied? Of course not.’’

This example illustrates how service recovery fails when you don't follow the principles and steps we outline in this chapter. Think of what is going awry here:

First, did the right staff member deliver the service? An employee in a position like this should have strong empathy, as well as problem-solving ability. The employee Leonardo encountered lacked both.

Were the steps delivered in order? The DYPII question—literally “Did You Plug It In?” in this case—was asked too early. It was asked before an apology was made, let alone accepted.

Did the employee make any attempt to discover Leonardo's needs? This service rep failed to understand and solve either Leonardo's most important loss—the dings in his parental armor—or his secondary losses: time, hassle, frustration, even wear and tear on his car upholstery. In other words, the service rep failed to figure out what the customer really needed to restore his satisfaction. The rep assumed that replacement of defective goods is enough to satisfy an inconvenienced customer.

It isn't.

What, if anything, *could* such a store have done to restore Sir Shrunkalot's shining armor? In fact, they could have satisfied him easily and cheaply.

For example, suppose that the service rep had said, with genuine concern and even a conspiratorial tone: “Sir, I'm terribly sorry. These are made for us overseas, and they are supposed to be spot-checked before they get in the store. I realize it's small comfort to know you ended up on the wrong end of a statistic, so if you make another purchase here in the future, please ask for me personally, and I'll check it out in the store with you before you schlep it home. Today, though, do you have a favorite DVD?”

Leonardo would have said, “Well, actually this TV is for my boys,

and they've been dying to see the latest live concert video from Swirly Goo and the Goners."

The rep would have then replied, "Sir, may I go through the aisle with you, and see if I can help you find a 'Swirly' DVD your boys would want, to show our appreciation for your business and for your patience? We're really so sorry that this happened to them, and to you. I hope that you will forgive us and give us an opportunity to serve you well next time."

Leonardo would have taken the DVD and felt repaid in some small way for his trouble.

Think about this: What's the wholesale cost of that DVD? Seven dollars? By investing seven dollars in a customer who'd just spent more than a thousand dollars, what would the store accomplish? They would be taking a serious step toward winning a lifetime customer. Plus, imagine the improvement they'd be making in the story Leonardo and his family would tell if anyone asked about their new TV.

And as for Leonardo, he could have gone home to his kids, head held high, and said, "Hey, these TVs are all built overseas these days, and some of them don't quite work right after they've bounced around for days in the container ship. But I've got it all handled now."

Who Should Handle Customer Complaints?

Everyone should handle customer complaints. Of course, not everybody is going to be equally involved in customer service, nor should each employee be trained in the most specialized service. We do believe it is important that all employees participate to *some* degree—to the extent of their trainability and the extent to which they interact with customers.

But who should handle cases that can't be resolved by a staffer on the front lines? In other words, who should serve as "the manager" for a customer who demands to "speak with a manager"? Here are a couple of guidelines:

- ▶ Empower your employees to be able to resolve the issue whenever possible without getting to the “manager” level.
- ▶ When unavoidable, you need the designated “manager” to stand out in two areas: as a sharp and eager problem solver *and* as a virtuoso at connecting empathically with people. If you’ve hired and trained appropriately, all of your staff will have some strength in these areas. But only about one in ten will be unusually gifted in both areas. Those ten percent should be your designated service “managers”—if indeed you choose to have such a position.

What we’re recommending here is that you avoid anything like an old-style isolated Complaints Department. Instead, teach your staff that Joan in Sales and Jeff in Shipping can themselves initiate a service recovery. Jeff may not be the right person to fix the problem, but if he encounters an unsatisfied customer, he must know how to say much more than “I can’t help you, I just send boxes.”

Even Dale, who cleans the toilets, should be empowered beyond helpless reactions like “*Um, you’d need to ask a manager about that.*” Customers hate to hear “You’ll need to ask a manager.”

Dale will feel better about himself and your company, his customer will feel better about herself and your company, and service problems will tend to turn out better if Dale has been trained to express confident enthusiasm: “*Certainly, I am so sorry. I will help you with that,*” followed by finding the right person to solve the problem—even if that does happen to be, in fact, a manager.

(Airlines provide a perplexing example here: Why *can’t* you complain to the pilot about a customer service issue—assuming you’re not midflight? Or to the ramp agent? The response should include, “*I’m terribly sorry about what happened*” followed by assistance getting you to the right person to get your issue fixed. *If you wear the uniform, you represent the company.*)

If you’re going to involve the whole company in customer service, we recommend you involve them fully: entrust them with broad discre-

tionary powers to respond flexibly, creatively, and intensively to service errors.

Probably the most famous example of total customer service empowerment is the *carte blanche* monetary discretion The Ritz-Carlton has given to staff members for decades: \$2,000 per employee per customer, to be used to solve any customer complaint in the manner the employee felt was appropriate. How could so much creative and monetary freedom succeed? It works like this: If you start off defensive, rigid, or withholding, people tend to respond by escalating their demands. It's a classic vicious cycle. But if you can start from an accepting, flexible, and generous position, people naturally feel inclined to be reasonable in return. The cycle turns virtuous. Indeed, Horst Schulze, who initiated this policy in the 1980s (when, although it's hard to fathom now, \$2,000 would buy more than a dozen nights at the fanciest Ritz), and Leonardo, who has been involved in continuing and expanding it with Horst at The Ritz-Carlton, Capella, and Solis hotels, verify that an employee has *never* had to resort to using all of that discretion. Still, knowing it is there has been a great builder of strength and responsibility for employees. Think about its value as an ongoing training tool: It serves as a reminder of management's belief in honoring a guest's potential lifetime value—and is proof that management is willing to put money behind that belief.

So in order to keep customers happy, your people will need to be able to respond in an empowered and immediate way to service failures—without waiting for a manager's okay. This *carte blanche* approach has grown even more important in these days of customer rebellions Twittering out of control: Only with immediate and broad discretionary powers is there a chance your frontline employees will be able to defuse complaints *before* they get posted online.

Subtle Is Beautiful: Service Recovery Below the Radar

The most beautiful service failure recoveries can be so small and subtle that a customer won't notice the failure, only the intimacy the recovery brings.

We enjoy, as much as anyone, the grand, broad-stroke stories that are popular in customer service lore, like the famous story of Nordstrom accepting defective tires as a customer return—even though Nordstrom doesn't sell tires. These stories are great for training and great for spreading a company's reputation. But, we also admire service professionals who can discern *small* failures in systems and similarly small dissatisfactions in failed customer interactions—and compensate effectively so the customer can get right back on track.

Last fall, Micah noticed a saleswoman looking for fresh *New York Times* subscribers at a crafts fair in the Pennsylvania countryside. She had brought along some high-quality *New York Times* gift items as incentives and she gave her pitch as people passed:

Sales Rep: “*Subscribe to New York Times home delivery, only \$X a week. Get great gifts!*”

Micah: “Sorry. Already subscribe.”

Sales Rep: “*Are you getting all seven days delivered currently? I can upgrade you if you aren't.*”

Micah (chuckling at her persistence): “Unless you're going to start a new evening edition, I don't think there's a way we can get more papers delivered than we already do.”

Sales Rep: “*But these are nice gifts, aren't they? I'm going to give you something anyway, for being a great customer. What would you like?*”

Let's look at this encounter. First, some overall observations. Note that Micah was just walking by at a crowded crafts fair. He hadn't asked the *Times* rep for anything and hadn't offered her anything in terms of making her numbers. He also hadn't said anything about wanting the gifts. She could, however, sense the imbalance in the encounter, having nothing to offer one of the paper's “full fare” passengers.

So she decided to extend exceptional, anticipatory service to someone who wasn't even the target customer of the promotion.

Now, let's examine the individual elements of this encounter.

Was there a service failure here? Yes, a very small one. The *New*

York Times, like many companies, was running a spiffy promotion intended to grab *new* customers. Super. But studies show that *existing* customers are the ones who pay the most attention to everything you do as a brand. The *Times* didn't have a plan for how to treat existing customers who might respond to their representatives' overtures. This created a socially awkward moment for their loyal customers who were walking by the sales stand: "I'm a loyal customer, but you can't sign me up, and so we have nothing more to say to each other."

Perhaps this service deficiency was foreseeable. But you can't foresee every shortfall in your business. Every situation, and every customer, is different.

This is why you need aware, appropriately trained people. The *Times*' sales rep was savvy and empathic enough to notice a service deficiency, even though it was only implicit.

In your organization, when an employee comes back to the office after an episode like this, is she praised for recognizing an issue and supporting an existing customer, who is arguably more important than an impulsive new one? Or is her hand slapped because she came back to the office one gift short? Would she get bragging rights if you noticed her profiled in this chapter, or would you worry that you really couldn't afford to have your employees improvising in this manner?

More generally: Do you hire the appropriate people, give them the discretionary power they need, and praise them when they fill in the gaps in your systems, thereby catching customers before they fall out? We hope by the end of this book you will be answering "yes" to all of the above.

Write-Offs Lead to Write-Offs

It doesn't always feel good to go to extreme lengths to pacify a customer. It can be hard to remember the upside, to know that your work is ultimately going to pay off. So here's an overriding philosophy which can help you through thankless moments: *Individual customers are irreplaceable*. Regardless of the size of your market segment, once you start

writing off customers, we can predict the day in the future when you'll be out of business. (We'll chart it on a big piece of paper for you if you like.) Think you have a huge market and it's okay to kiss off customers and replace them down the road? We all watched Detroit automakers make that assumption and let imports chip away at the edges until there was little remaining as a core.

We suggest in the strongest terms that you think of every one of your customers as a core customer—and treat the loss of a customer as a tragedy to be avoided.