



Best-in-Class Problem Management

Managing problems effectively with a quick resolution and a sincere, empathetic apology enhances customer loyalty and positive word of mouth.

by **JANET LEBLANC**, Janet LeBlanc + Associates Inc.

ABOUT JANET LEBLANC + ASSOCIATES INC.

A leading North American consulting firm specializing in customer experience management. Recognized as one of the foremost experts on customer-centric leadership, Janet LeBlanc guides senior leaders on how to use customer strategies to drive business growth. We partner with public sector institutions and Fortune 100 companies to overcome silo-based obstacles and collaborate on how to earn customer-driven growth.

Our team of dedicated professionals deliver services across four practice areas including leadership, customer insights, customer experience design and innovation, and performance improvement.

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A branded customer experience is an important driver of customer loyalty and business growth. It represents a promise to customers informing them of what they can and should expect at every interaction with your company. Those who have mastered the ability to deliver a consistent customer experience are capitalizing on a powerful marketing tool—one that is able to capture price premiums and points of differentiation that are hard to copy. Customers are more likely to believe what they experience and feel rather than what they read in a marketing message or advertisement.

Unfortunately, even the most successful companies experience failures. The promise of a consistent customer experience is broken as problems occur. When customers experience a problem, their sensitivity to price doubles, loyalty is at risk and there is the potential to damage years of good will.

How a company deals with problems and operational failures can be the difference between “good” or “great.” Leading-edge companies manage problems using a two-pronged approach: proactively reducing problems before they occur, and resolving problems effectively when they do happen. Managing problems efficiently, by quickly fixing a problem, and apologizing effectively to those who have been impacted by the problem will allow a company to see gains in customer loyalty and realize the powerful benefits of positive word-of-mouth advertising.

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A Relentless Focus on Problem Management

While many organizations set quality standards, those companies that have a relentless focus on problem management stand head and shoulders above the rest. Savvy business leaders place an enormous emphasis on the importance of delivering a flawless experience by reinforcing a low tolerance for increases in problem frequency and poor quality.

When problems happen, the response a customer receives sends a message about a company's organizational culture, corporate principles and institutional morals. It provides an indicator of how much a company values and appreciates a customer's business, how respectful it is of their time, and whether it recognizes the effort needed to manage through a problem resolution process.

More than ever, company leaders must be diligent in ensuring that problems are resolved with the highest levels of satisfaction. Today's customers are fully empowered and have a much lower tolerance for error and indifference. They use social media, such as Twitter, Facebook and YouTube, to voice their complaints quickly and efficiently to millions of people. Many organizations have learned the hard way how much can be lost by a negative customer experience.

In one such example, United Airlines was highly unsuccessful in its response to a problem when Canadian musician Dave Carroll saw his guitar being mishandled while in the airline's custody. Carroll alleged that he and fellow passengers on board saw the baggage-handling crew throwing his guitar on the tarmac. Sure enough, Carroll arrived at his destination to find that his \$3,500 guitar had a broken neck. After alerting three employees who showed indifference to him, he filed a claim with the airline only to be informed that he was ineligible for compensation because he had failed to make the claim within the company's stipulated "standard 24-hour timeframe." In retaliation, Carroll wrote a song, "United Breaks Guitars," which became one of the world's top 10 YouTube and iTunes hits in 2009, as recognized by Time Magazine.

A more positive approach to dealing with problems comes from JetBlue Airways, the American airline headquartered in New York City. After leaving numerous passengers stranded on a frozen JFK tarmac for 10 hours, JetBlue CEO David Neeleman publicly apologized on YouTube to his customers. He could have side-stepped the issue or pretended that it was an aberration. Instead, he addressed his customers and apologized for the event. Neeleman also provided a detailed summary of how his company would prevent the problem from occurring again.

What made this apology so effective was that viewers felt Neeleman was truly sincere. Lackluster or insincere apologies are often worse than no apology at all and can further damage a company's reputation and image.



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On the other hand, effective apologies can strengthen the relationship customers have with a company by building trust and confidence.

Neeleman clearly acknowledged that this occurrence was not representative of his fundamental values and that he found it to be unacceptable. Outlining the steps taken to address the situation exemplified to his customers the actions being put into effect to prevent the occurrence from happening again. The company immediately came out with a “customer bill of rights,” which offered travel vouchers for delays of longer than one hour. These actions sent a strong message that customers should continue to place their trust in JetBlue and can rest assured that this problem will not happen to them in the future.

Sometimes, companies may need to apologize for errors made by other affiliated companies or suppliers. Andrew Mason, founder and CEO of Groupon, apologized in a video to customers when too many “deals” for a food delivery service were sold. The food company was unable to keep up with the demand, forcing them to deliver the meals late and in poor condition. Mason’s actions told customers that he took the issue seriously. “The companies that are upfront and let all customers know when something goes wrong prepare everyone for a better experience,” says Jeanne Bliss, author of Chief Customer Officer.

Resolving Problems When They Occur

Dealing with problems and handling customer complaints is the bread and butter of a call center agents’ job. Customer service agents are expected to be the face of the company when a problem occurs and must regularly implement the basic steps behind an effective problem-resolution approach.

Years of research has proven that when customers experience a problem and it is resolved to their satisfaction, customer loyalty rises by 30% to 50%. Loyalty is built on a foundation of trust. Once we trust that a company will work with us to resolve our crisis, we automatically feel more loyal to them.

Loyal customers feel an emotional bond with a company, strong enough to spread positive word-of-mouth messages that are significantly more powerful than a marketing or advertising campaign. Every successful customer loyalty strategy establishes opportunities for a company to forge deep and personal connections with their customers.

When problems occur, the bond between a company and the customer is broken. It places the relationship in crisis and creates a pivotal time for a company to re-establish the relationship and repair the damage. If handled improperly, the trusted relationship may be shattered.

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Apologizing Effectively

Most companies train employees to apologize, but often will forget the most important ingredient needed for a successful resolution—empathy. Scientific research in conflict resolution shows that, even if an apology such as, “I’m sorry,” was offered, without recognizing the emotions at play or a statement acknowledging the gravity of the situation, the apology will not have a positive impact. The most effective apologies adhere to the following principles:

1. Listen attentively and don’t apologize too soon.

Customer service agents frequently will apologize without knowing the full scope of the complaint.

2. Offer empathy that recognizes the true severity of the problem.

An empathetic statement should recognize the emotions the customer is feeling. “I am so sorry for what has happened to you. I can imagine how frustrated and angry you must be.” Recognizing the emotion (e.g., anger, frustration, worry) that one is feeling will help to diffuse the situation significantly and lets a customer know and feel that they have been heard.

3. Acknowledge that the problem a customer has experienced is a clear departure from company norms and is unacceptable.

It must be made clear that this incident violated your company’s deepest institutional values. Reinforcing a company’s pride in its high-quality standards will help to emphasize to customers that they didn’t make a mistake investing their time and money with your firm.

4. Offer compensation that is commensurate to the magnitude of the problem.

The compensation is offered to rebalance the unfairness and injustice of the situation and inconvenience. Making restitution to re-establish balance and fairness to the situation is vital to restoring a customer’s trust and belief. There should be two parts to the remedy—“what a customer needs right now” and “what compensation is needed for the inconvenience.” Contact center agents should have available at their fingertips a flexible solution set, with two to four standard compensation offers from which to choose, empowering them to use common sense and general guidance when offering compensation.

5. Take action, follow through and follow up.

The most successful service recovery includes a follow-up note or telephone call to ensure that the customer has no other issues to be resolved. It is crucial to verify that the bond between a customer and a company has been re-established and to confirm the customer is completely satisfied with the resolution.

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When problems crop up in business, a sincere apology is essential to restoring trust. An apology, either from a company CEO or directly from a frontline call center agent, is designed to win forgiveness from an aggrieved person. The apology becomes the foundation for restoring the severed trust that threatened the business relationship and makes a strong statement about company values.

Those companies with best-in-class customer experience management programs know that you cannot achieve the highest standards of customer experience without an effective problem management process. Organizations must focus attention on both preventing unpleasant surprises from occurring for customers and implementing an effective, empathetic problem- resolution approach. ■

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