



# Go the Extra Mile in Service Recovery

***And create raving fans  
in the process***

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My brother lives on a beautiful property in Florida, USA. His idyllic “log cabin” is surrounded by tall trees. It backs onto a lake. He can look out from his home to the deck on the lake from where he launches his boat. Sounds good doesn’t it? Joe Wade, from Southern Tree Services, Florida, came into my brother’s life very recently. And in the process of putting two holes in my brother’s beloved deck and ruining some furniture in the process, Joe has created two raving fans – my brother and my sister-in-law – who eagerly tell everyone about him. This is a story of how going the extra mile when there is a service failure can reap very rich rewards. Let me explain.

Joe's company is in the tree business. It removes trees. It trims trees. That's where the story begins. Southern Tree Services was hired by my brother to remove three trees from his property. Within a relatively short time of starting, there was a loud and unexpected "crunch". A 400 kilogram branch that they were working on twisted and fell the wrong way – right onto the boat deck. It left two gaping holes and destroyed two deckchairs. Not a good start to the job in anyone's books. My sister-in-law, Pamela had great presence of mind. She brought out a plate of cookies and made sure that everyone was okay. No one was hurt. It is what happened after that created the Wow and which helped to win Joe two loyal customers and even more business

### Quick service recovery

The broken furniture was made of plywood created from recycled milk cartons. Two chairs were smashed, but the table and remaining chairs were intact. After inspecting the damage, Joe, without hesitating, handed my brother his credit card and told him to buy replacement chairs on the internet. At 7am the next day, Joe's workmen were on the property. They replaced the damaged boards in the deck. But Joe arranged for much more than that. He wanted the deck to look as if there had been no damage at all. So he arranged for the whole deck to be stained. Then he saw that the floorboards on the porch no longer matched the boards on the deck. So he arranged for all of the furniture to be removed from the porch, pressure washed and then stained the porch floorboards with two coats. Joe arranged for the railings on the porch to be stained as well. As if that was not enough, Joe's company trimmed other trees on the lake. He wasn't asked to do this. He saw that they needed doing – so he did it.

### A loss after service recovery led to subsequent profits

All in all, the deck and the porch looked better than it did before the accident. As you might imagine, this was not a profitable job for Joe Wade. The total bill for the original job was USD\$2190. The cost of the furniture replace was USD\$1297. The staining of the deck would have cost around USD\$700. Add the trimming of the trees on the lake, and the bottle of champagne that Joe later bought (and shared!) with my brother and sister-in-law, the job cost him over USD\$2300.

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The accountants would say that Joe made a loss on this job. But the business people would see it totally differently. My brother started telling his neighbours about Joe. The result was that Joe won two new clients with 8 tree removals. And Joe will continue to get referrals from his happy customers.

If Joe was concerned about his immediate profit on this one job, he could have done the bare minimum to replace the floorboards. But he had a different attitude. He wanted something more valuable than a short term profit on this job - he wanted to have a happy, loyal customer. As he said to my brother, *“This problem gave us the chance to show you how good we are.”* Nice attitude. And, from a customer point of view, my sister-in-law said, *“There are lots of tree cutters out there. It’s how they react when something goes wrong that makes them stand out.”*

I have quoted complaints statistics in this magazine in the past. Just to remind you, 90% of unhappy customers will tell, on average, 9 other people. It is when things go wrong that you, as the service provider, will be in one of two positions – to create unhappy customers who complain to lots of others about you, or you can create loyal customers who keep coming back and become ambassadors for you. The smart businesses look beyond the immediate return on transactions that go wrong.

The Ritz-Carlton understands and applies this principle. For example, employees in The Ritz-Carlton KL are empowered to spend up to RM2000 to keep a customer happy. This powerhouse global service brand applies an unusual form of ROI calculation on guest transactions. - it aims to maximize life-time value of the customer. By giving a little to keep a customer happy, The Ritz-Carlton understands all too well that the customer will keep coming back and will tell others about the hotel as well. And, after all, the holy grail, the ultimate prize for any business is when you have a base of repeat business and an army of people who do your marketing for you!

Here is your mission for the month. Review what happens when there is a service failure, or when your company has a complaining customer. Does your company turn adversity into opportunity by treating these service failures and complaints as gifts to show how you really look after your customers? Do you have a culture of going the extra mile to create a happy customer – even when things go wrong? Joe Wade does. The Ritz-Carlton does. And they are both laughing all of the way to the bank. Interesting thoughts. Until next month.

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