



With *Sincere Apologies*

Nobody can afford to lose a good customer. So if you've angered one lately, you need to act fast. Here's a four-step emergency plan to get you out of hot water quickly.

(BY DENIS JENSEN)

It was one of the worst days of Sharon Stein's business career. Her new event-planning company, Stein Events, had just gotten off the ground, and her first major event, a client-appreciation gala for a large technology firm, was in full swing. Stein believed she had everything covered for the swanky event, which was held in a beautiful tented area of the CEO's expansive backyard. Then, the unthinkable happened: The DJ that Stein had booked failed to show up,

and she had no back-up plan for music. In a moment of desperation, the CEO borrowed his daughter's iPod and docking station in attempt to salvage the evening. Soon after, guests were humming along to the tunes of Miley Cyrus and The Jonas Brothers. Needless to say, the client was not pleased.

"I wanted to shrink into the peonies," Stein says. But, she learned two lessons from that night. Lesson number one: Always have a back-up plan if the

entertainment fails to show up. Lesson number two: Apologize, gracefully.

Because of Stein's swift and heartfelt apology letter, which was delivered to the CEO's office along with a shiny new iPod Touch, he forgave her blunder, and his company remains a client of Stein Events.

Let's face it: Everyone makes mistakes. Whether it's botching a client's order, providing poor customer service or failing to deliver what the customer requested, it's

not so much what you've done that will determine how the customer reacts—it's how you handle the situation.

Indeed, there's compelling evidence that suggests that providing swift action when a mistake is made is key to keeping a customer. In a brand-new survey by leading marketing firm Dan Kennedy, 68% of respondents said they stopped doing business with a company because the company didn't handle their complaints well. By contrast,

only 14% of customers left a company due to product or service dissatisfaction, and only 9% left due to price.

When you consider that it costs five times more to hunt down a new customer than to hang onto an existing one (according to the U.S. Department of Consumer Affairs), one thing becomes clear: If you've got an unhappy customer, you're going to want to fix the problem, quickly. Here's a four-step plan that will help you master the art of the apology.



Step 1: Diagnose the Problem

Sometimes the problem is obvious: A client is fuming mad that you overlooked his order, or, in Stein's case, you substituted teenybopper music for more sophisticated entertainment. You know where you've flubbed, and you're ready to fix it. But, sometimes you might sense that the client is unhappy, without being sure where you went wrong.

This was the case with a large

Midwestern bank whose executives sought advice from Baker Communications, a business consultancy, after a major client threatened to take its business to a competitor.

The executives initially thought the client was upset about the performance of its multi-million dollar portfolio, according to Lawne Gerhardt, senior vice president of global

sales and business development for Baker. However, after organizing a sit-down between the two parties, "It turned out that the customer was more upset by what they considered to be poor communication from the bank officials than they were about the fund performance itself," Gerhardt says. "They didn't really want to go through the ordeal of reinvesting all of their funds;

they just needed assurance the bank would be more responsive in the future."

After a sincere apology from the bank's top brass, and a pledge to do better in the future, the relationship was back on track, according to Gerhardt. "Most problems start when a customer's needs aren't being met," he says. "The key is really listening to find out what their grievances are."

Step 2: Fix It Quickly

The worst thing a company can do is delay solving the problem for the customer, says Richard Jarman, a business consultant. If you've made a mistake, find out what's wrong, rectify it, then figure out how it happened.

Just days after JetBlue made headlines following a snowstorm in which it left passengers stranded on planes on the tarmac for hours, founder and CEO David Neeleman sent a letter to customers (see page 57) about the specific steps that JetBlue was taking to provide better service. The plan included putting into place a Customer Bill of Rights and better equipping crew members with procedures for handling operational glitches in the future.

Similarly, when Allison Maverick, a sales rep for an online advertising company, discovered that several of her clients' advertisements included incorrect phone numbers (making it impossible for would-be buyers to reach them), she scheduled face-to-face meetings with each client and explained the quality control measures her company had put into place to ensure the problem would never happen again.

"When this initially happened, several clients called to cancel," Maverick says. "I asked them if I could just get in front of them for just 10 minutes." The clients gave her the time, and by explaining exactly what her company was doing to fix the problem, she was able to save every single account. "If I had tried to sweep everything under the rug, this wouldn't have worked," she says.

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3 Clues That a Customer Is Angry

Keep in mind that not all angry customers will speak up. Some will just fade away. Look for cues that something may be wrong, before it's too late. Here are three red flags that indicate customer unhappiness:

Clue 1: They return a product. If a customer sends back a product or cancels a service, something went wrong. Was the product defective? Was the service what the purchaser had in mind? Whatever the problem, a customer service rep should follow up quickly to get to the bottom of it.

Clue 2: They suddenly sprint to the competition. Make a concentrated effort to find out why the person left. Remember, most customers leave because they are unhappy with your company, not your prices or products. Involving top management may help you uncover problems you weren't even aware of.

Clue 3: They stop returning your top reps' calls. Maybe they're too polite to tell you that your salesperson screwed up or that they had a run-in with one of your customer service reps. Pick up the phone and find out why they're being so evasive.

How JetBlue Says “I’m Sorry”

A sincere apology letter to customers includes these components: shouldering the blame, acknowledging the customer’s feelings, and outlining how you’ll do better in the future. This letter, sent to JetBlue customers after a week of poor service, includes all of these elements. The comments are courtesy of www.apology.com.

Salutation

Dear JetBlue Customers,

This short statement at the top of the page expresses humility and remorse. It also sets the tone in this apology letter.

We are sorry and embarrassed. But most of all, we are deeply sorry.

This paragraph gives a specific and detailed account of the incident and takes full responsibility for the situation. It is worth noting that although the catalyst was a winter storm, NO blame is placed on it – full responsibility is taken by the company.

Last week was the worst operational week in JetBlue’s seven year history. Following the severe winter ice storm in the Northeast, we subjected our customers to unacceptable delays, flight cancellations, lost baggage, and other major inconveniences. The storm disrupted the movement of aircraft, and, more importantly, disrupted the movement of JetBlue’s pilot and inflight crewmembers who were depending on those planes to get them to the airports where they were scheduled to serve you. With the busy President’s Day weekend upon us, rebooking opportunities were scarce and hold times at 1-800-JETBLUE were unacceptably long or not even available, further hindering our recovery efforts.

Here, we see that they recognize their role in the situation and acknowledge the hurt and damage done.

Words cannot express how truly sorry we are for the anxiety, frustration and inconvenience that we caused. This is especially saddening because JetBlue was founded on the promise of bringing humanity back to air travel and making the experience of flying happier and easier for everyone who chooses to fly with us. We know we failed to deliver on this promise last week.

This paragraph details their commitment to change and shows customers the preventive measures being taken to ensure that this type of situation will not happen again.

We are committed to you, our valued customers, and are taking immediate corrective steps to regain your confidence in us. We have begun putting a comprehensive plan in place to provide better and more timely information to you, more tools and resources for our crewmembers and improved procedures for handling operational difficulties in the future. We are confident, as a result of these actions, that JetBlue will emerge as a more reliable and even more customer responsive airline than ever before.

The company now offers the recipients of the letter a form of restitution and compensation. This cleverly crafted commitment to change (through a Customer Bill of Rights) will shed a positive light on the company from both existing and future customers and the public at large.

Most importantly, we have published the JetBlue Airways Customer Bill of Rights – our official commitment to you of how we will handle operational interruptions going forward – including details of compensation. I have a video message to share with you about this industry leading action.

This statement expresses regret and lets customers know that the company is hoping to continue the relationship.

You deserved better – a lot better – from us last week. Nothing is more important than regaining your trust and all of us here hope you will give us the opportunity to welcome you onboard again soon and provide you the positive JetBlue Experience you have come to expect from us.

Closing

Sincerely,

David Neeleman
Founder and CEO
JetBlue Airways



Step 3: Take Responsibility

Now it's time to issue an official apology – just make sure not to blame others or make excuses for the mistake.

In a recent study of 145 professionals published by the University of Illinois College of Law, respondents were asked to consider various types of apologies after a hypothetical accident in which a pedestrian was hit by a bicycle. The study revealed that 73% of the victims who

Make sure that the apology acknowledges the mistake, shows empathy, details what steps you're doing to make sure the mistake doesn't happen again, and thanks the client for their continued business.

received a full apology (“The accident was all my fault”) were willing to accept a settlement offer, whereas only 35% who received partial apologies (“I’m sorry you hurt your leg”) or ones that put the blame on someone else (“That street has a confusing traffic signal”) were willing to settle.

If the snafu or the client is a big one, you may want to meet in person to apologize, says Gerhardt. In situations where the error is smaller, a personalized letter may work. And in some cases, both an in-person meeting and a follow-up letter are in order.

However you choose to apologize, make sure that the apology acknowledges the mistake, shows empathy (“I understand how frustrating this must have been for you”), details what steps you’re doing to make sure the mistake doesn’t happen again, and thanks the client for their continued business (“We very much value our business relationship and are committed to making you happy”).

Step 4: Follow Up With a Gift

Once the issue has been resolved, be sure to follow up. This is a good time to send a card or gift, such as chocolate, coffee or a desk accessory. Drew Plant, a public relations consultant, recommends sending a targeted item designed to underscore your sincerity. “But, don’t make it too extravagant,” he warns. “You don’t want to appear to be bribing somebody into accepting your apology. Something classic and modest will do, and should reflect the recipient, not be just a standard something you send to everyone.”

After Maverick apologized to her customers about the mistake in their advertisements, she followed up by sending them each small, imprinted journals and reminded them once again how

much she valued the relationship.

A dose of humor doesn’t hurt if the problem wasn’t a big one. Indeed, Alex Braun, marketing director for a software company that recently experienced some minor customer service glitches, found that sending affected customers a basket full of chocolates and other goodies did the trick; the accompanying note that said, “We hope you’re still sweet on us, because we are on you,” didn’t hurt, either. “I think the gift conveyed our sincerity,” he says.

Offering a free or discounted product or service will also help smooth things over. Restitution could be offered in an open format (“What can I do to make things right?”) or a closed format

“The key is a concrete and good-faith offer to compensate customers for the trouble.”

**Drew Plant,
PR Consultant**

(“Would a 10% discount on your next order make things right?”).

When Toyota had a massive recall earlier this year because of accelerator problems in a number of its models, the company rolled out aggressive incentives to try and win customers back. One offer gave buyers 0%

financing for five years on some of Toyota’s most sought-after models, plus a special two-year maintenance plan.

In January, after Citibank sent more than 600,000 mailers to customers with their social security numbers printed on the outside of the envelope, it not only sent out a letter apologizing to customers and assuring them that there was “little or no risk” to their privacy, it also offered to pay for their membership in a credit monitoring service for 180 days.

“The key is a concrete and good-faith offer to compensate customers for the trouble,” Plant says.

DENIS JENSEN IS A CONTRIBUTING WRITER FOR *SUCCESSFUL PROMOTIONS*.