



It's How You Handle the Mistakes

Service mistakes are inevitable in most businesses. While they should be rare, most customers understand that perfection is not likely. Many customers have remarked that how a company manages to repair a mistake is a major factor in the longevity of their relationship.

Featured Example: Fresh Direct

Last Thanksgiving, Fresh Direct, the nation's leading online meals and fresh food manufacturing and delivery service, delivered an incomplete order to a long-time customer -- without the turkey -- two days before Thanksgiving. After two delivery errors, all of the groceries arrived the evening before cooking was to begin. Though prior service had been consistently reliable, holiday frustration made the future of this relationship uncertain.

A few days later, Fresh Direct's CIO, Kelly McGowan, called personally to apologize. He'd reviewed the service logs at 1:30 a.m. and took responsibility to call the few customers who experienced more than one "service failure". The company also gave the customer complementary free delivery for 6 months, accompanied by a letter signed by the president, CEO and chairman.

The customer felt that the company's quality controls and personal touch demonstrated a commitment to excellence and improvement. Engaging executives in the process of identifying and resolving customer snafus is a very effective way of dedicating a company to customer service excellence.

When You Least Expect It

Susan was applying for a mortgage to buy a home. Her credit score was high, so she had no concerns. Imagine her surprise when the mortgage broker advised her that credit reports showed two large collection actions under her social security number. Having been warned that fixing these errors can take weeks, Susan quickly contacted the collection agency, National Credit Adjustors. The agency staffer was able to determine that those collections transactions were related to someone else's loans for a farm in Texas, and had nothing to do with Susan.

Then National Credit Adjustors really stepped up to the plate. A letter correcting the record was faxed that day to both the mortgage broker and to the credit rating agencies. In just one day, Susan's credit record was clean and a nightmare story averted.

Collections agencies are not exactly known for flexible solutions and excellent customer service. Kudos to National Credit Adjustors in Hutchinson, Kansas for presenting a more positive face for the collections industry.

Lessons for the Banking Industry

The experiential brand is the most important aspect of retention and key to word-of-mouth. Here is a summary of one family's experience with a major financial institution that is riddled with failures that undermine its business operations, and service fundamentals that go into creating a successful brand.

Featured Example: Financial Institution X

The family in this story has a multi-year relationship with this large financial institution where they have personal, business, private banking, pension and other investment accounts. Despite being assigned for personal banking services, there are different staff responsible for each type of relationship, with no effective single address for managing this client relationship.

A sampling of customer service failures:

- ATM activation renewals resulted in disrupted access to accounts online and at the ATM
- Investment accounts turned over to four different providers over 4 years
- Intra bank account transfers failed to arrive either on time or at all

- Business bankers and mortgage bankers left phone calls unreturned resulting in scrambles to find alternative financial resources and experts

In short, the bank made no effort to provide customer-responsive service for this important customer, resulting in a seemingly-endless series of errors -- some minor and some with major financial impact. Divisions and experts did not talk to each other or collaborate and did not take responsibility for follow through to ensure that a customer's needs had been addressed to the customer's satisfaction.

With so many service failures over the past few years, it is remarkable that this institution manages to retain its enormous customer base. All of the advertising and promotional offers cannot counter a groundswell of customer discontent or worse.

If you have guessed by now which financial institution we are referring to, it would not be surprising. What is also concerning, and a critical lesson for the banking industry, is that it is likely that many of you named a brand other than the specific one involved in this tale of woe.