

THE CUSTOMER ALREADY TOLD YOU · CHAPTER FOUR

The Apology and the Cause

A failure well recovered is information twice, and most organisations keep only the first half.

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A NOTE BEFORE YOU READ

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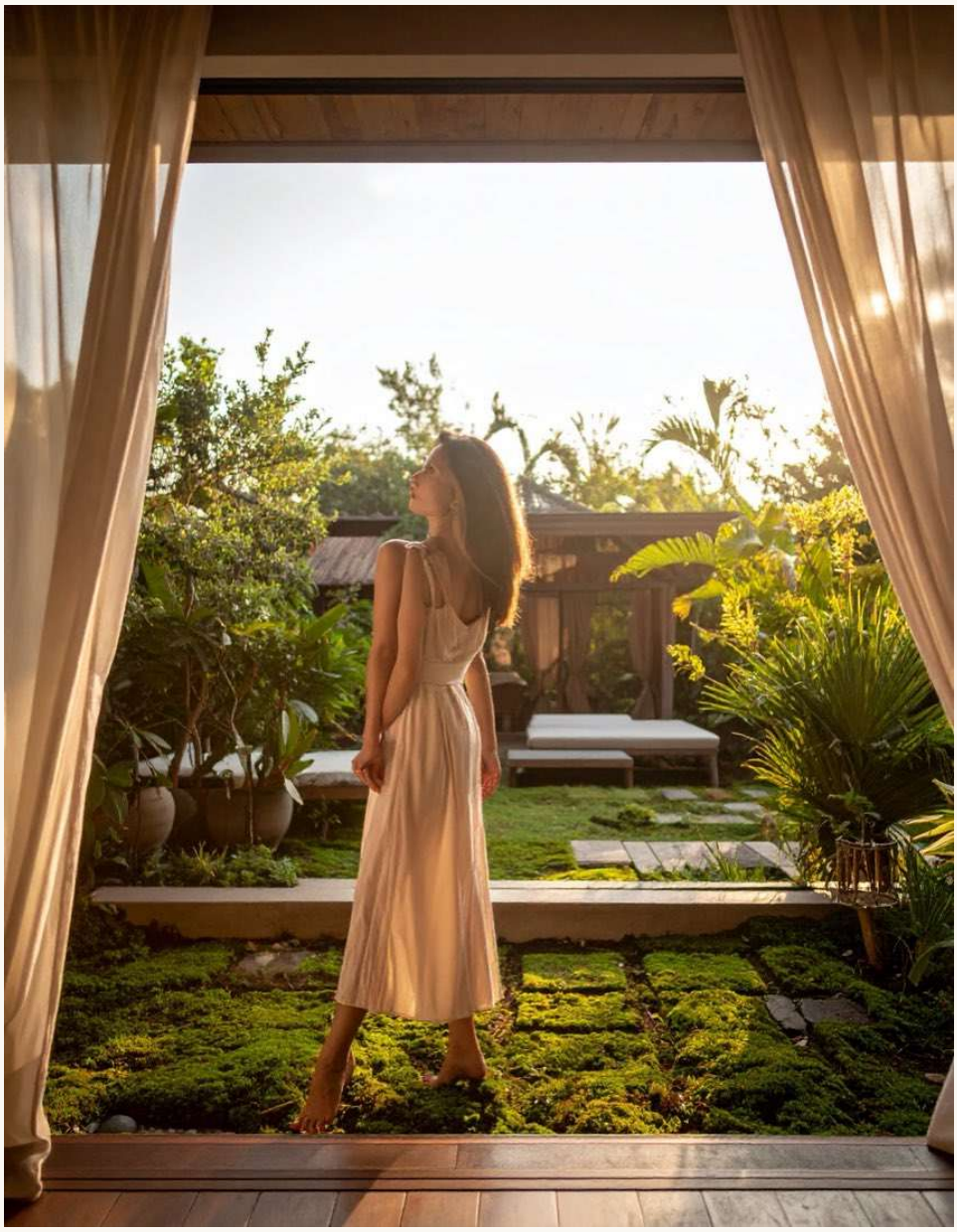
ABSTRACT

A failure well recovered is information twice, and most organisations keep only the first half. It is five to eleven on a Tuesday night, and the night manager of a city hotel is standing behind the front desk with the arrivals list in one hand. The lobby is quiet. The bar has closed, and the only sound is the revolving door turning slowly in the draught from the street. A woman comes through it with a wheeled case and a coat over her arm, off the last train, and gives her name. She booked the room in February, for a conference that starts at eight tomorrow. The night manager looks at the screen, and then at the list, and knows before he has finished reading that the hotel has given her room away.

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Five to eleven, the desk

It is five to eleven on a Tuesday night, and the night manager of a city hotel is standing behind the front desk with the arrivals list in one hand. The lobby is quiet. The bar has closed, and the only sound is the revolving door turning slowly in the draught from the street. A woman comes through it with a wheeled case and a coat over her arm, off the last train, and gives her name. She booked the room in February, for a conference that starts at eight tomorrow. The night manager looks at the screen, and then at the list, and knows before he has finished reading that the hotel has given her room away.

It happens, on some nights in a busy month. The hotel sells a few more rooms than it has, on the reasonable expectation that some guests will not arrive, and on most nights the arithmetic works. Tonight it did not. He feels it as a heat at the back of the neck, the body's version of the sentence he is about to say, and he says it plainly. *I'm very sorry. We don't have your room tonight. That's our mistake, not yours, and I'm going to fix it now.*

He fixes it well. He has already rung the hotel across the square, which has a room. He walks her there himself, pulling her case, and pays for the room and for her breakfast, and tells her the hotel will cover a taxi to the conference and back. He gives her his name. In the morning she writes a review on her phone, between sessions, that says the staff were the most gracious she has met in years.

He is a composite, drawn from the way these nights are described in the research below and in the house's own practice, and no hotel is meant. So is she. What he does not see is what happens to her review on Thursday, when the revenue manager reads it at the weekly meeting and remarks that it shows the overbooking policy is working: the hotel sold the extra room, and the guest who was moved is happier than if nothing had happened.

Ammanuel Santa Anna's canon begins its account of how an organisation should treat a broken commitment with two flat sentences that the night manager would recognise: "Promises break. This is not a possibility to be guarded against. It is a certainty to be prepared for."[16] The night manager was prepared. The question for the hotel is what the revenue manager is prepared to learn.

This chapter makes one claim. A failure well recovered is information twice, once about how to put things right and once about what went wrong, and most organisations keep only the first. The evidence that a good recovery leaves a customer better off than no failure at all is weaker than its reputation, and a firm that relies on it has mistaken a well-handled cost for a source of loyalty. The recovery is half the work. The other half is the cause.

A paradox, and its folklore

The idea the revenue manager is reaching for has a name. In the service literature it is called the service recovery paradox: the claim that a customer who suffers a failure that is then put right very well can end up more satisfied, more loyal, or more likely to recommend the firm than a customer who suffered no failure at all. It was discussed in management writing from the late 1980s and named in the academic literature in the early 1990s, and it has been taught ever since, often as encouragement to front-line staff, sometimes as something closer to a strategy. The early history is given here in outline, from general knowledge of the field; the first papers were not reopened.

The idea is attractive because it is partly true and because it flatters the people who do the recovering. The night manager did something difficult well, at eleven at night, and the guest noticed. A good recovery is a

demonstration of exactly the qualities a customer most wants to know a firm has: that it will tell the truth when things go wrong, act quickly, and bear the cost. It would be strange if seeing that demonstration made no difference.

Santa Anna's canon, writing about the relationships inside a governing body rather than between a hotel and its guests, goes further than most management texts. Repair, it says, "practiced with skill and genuine care, can actually strengthen the relational fabric of the governance community beyond its pre-rupture state." And it adds, anticipating the objection: "This is not a naive claim." Inside a group of people who will work together for years, that may well be so, and the canon cites the research on relationships and restorative justice in support. The question for the hotel is whether it holds for a guest who stays two nights a year.

The first careful experimental test was published in 1998, by Amy Smith and Ruth Bolton, who asked real customers of a restaurant and a hotel to respond to a described failure and recovery at an organisation they had recently used.[17] Their conclusion was carefully balanced, and its second half is the one the revenue manager has not read. "Although excellent service recoveries can enhance customer satisfaction and increase repatronage intentions," they wrote, "viewing service failures as opportunities to impress customers with good service performance may involve substantial risks."



What the studies found together

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What the studies found together

By the mid-2000s there were enough studies of the paradox to combine them, and in 2007 Celso Augusto de Matos, Jorge Luiz Henrique and Carlos Alberto Vargas Rossi published a meta-analysis.[18] Their abstract begins with an admission that is unusual in a paper about a famous idea: empirical tests of the paradox "produced mixed results, with only some studies supporting this paradox." When they combined the studies, they found a significant positive effect of a good recovery on satisfaction. They found no effect on repurchase intentions, on word of mouth, or on the firm's image. And they found that the effect on satisfac-

tion depended on how the studies were done: on whether they were cross-sectional or followed customers over time, whether the subjects were students, and what kind of service was being studied.

Read for the hotel, that is a precise and modest finding. A guest who is rescued well may say, soon afterwards, that she is satisfied, perhaps more satisfied than if nothing had gone wrong. The combined evidence does not show that she is more likely to come back, or to tell anyone, or to think better of the hotel. Her glowing review is real. It is one measure, taken the next morning.

The canon's own reasoning helps explain why the hotel's case differs from the governing body's. Its claim rests on time: "Relationships that have weathered rupture and repair develop a resilience and depth that relationships that have never been tested cannot match." A guest who stays two nights a year has not had a relationship with the hotel long enough for a single rupture and repair to become part of its history. She has had one bad arrival and one good walk across a square. The research suggests that, for her, the walk mostly cancels the arrival, and rarely more.

The next year Jens Michel and Matthew Meuter published a study designed to deal with the problem that had made earlier results so mixed.[19] If the paradox happens at all, they argued, it is a rare event, and most studies are too small to see it reliably. So they tested it in a bank, using more than eleven thousand interviews about real customer encounters. They found that the paradox existed, that it was rare, and that the differences, though statistically significant, were "not very large". Their conclusion for managers is the sentence the revenue manager most needs, and it is worth giving in full: "The implications of verifying a service recovery paradox do not suggest that ineffective service followed by an outstanding service recovery is a viable strategy."

None of this means the night manager's work was wasted. It means its value lies somewhere other than where the folklore puts it. A good recovery limits the damage of a failure, for the customer who suffered it, and that is worth doing well every time. It does not turn a failure into a gain, and a firm that budgets for failures on the expectation that recovery will pay for them is spending money to stand still.

Outcome, procedure, treatment

What makes a recovery good is better understood than whether it pays, and the best-known study of it is about complaints rather than hotels. In 1998 Stephen Tax, Stephen Brown and Murali Chandrashekaran studied customers' accounts of their own recent complaints, and the first thing they reported was sobering: "a majority of complaining customers were dissatisfied with recent complaint handling experiences."[20] The firms in question had been told something was wrong, and had mostly made it worse.

Using the idea of justice from social psychology, they showed that customers judge a complaint by three things. The outcome they receive: the room, the refund, the corrected bill. The procedure used to reach it: how quickly, how easily, how many times they had to explain. And the interpersonal treatment along the

way: whether they were believed, spoken to plainly, and treated as someone who had been wronged rather than someone being difficult. A recovery that gets the outcome right and the treatment wrong is remembered for the treatment. The study also found that a customer's earlier good experiences softened the effect of a bad recovery only "to a limited extent". Goodwill is not a reserve to be drawn down.

The night manager did all three. The outcome was a room, breakfast and a taxi. The procedure was immediate, at the desk, without a phone call to a supervisor or a form for the guest to fill in, because the hotel had given him the authority to act. And the treatment began with a sentence most organisations find hard to say. *The Cairn*, another of the house's books, reads [the sentences that are harder to hedge when they have to be said out loud](https://hautelumiere.life/editions/rsd-rsd-and-self-confidence/page/), and *that's our mistake, not yours* is one of them.

Santa Anna's canon, in its chapter on transforming conflict, draws the distinction that separates the night manager's sentence from the one most guests hear:

> *Acknowledgment is different from apology, though apology may be part of it. Apology says "I'm sorry." Acknowledgment says "I see what happened. I see what it cost. I understand — as fully as I am able — the impact of my actions on you, on us, and on the space between us."*

A guest who hears *we apologise for any inconvenience* has been given an apology. A guest who hears *we don't have your room, that's our mistake, and I'm going to fix it now* has been given an acknowledgment, and the difference is felt before it is understood. The canon names the form the first kind often takes, the apology that places the problem in the other person, and the hotel trade has its own version of it in the phrase *we're experiencing high demand tonight*.

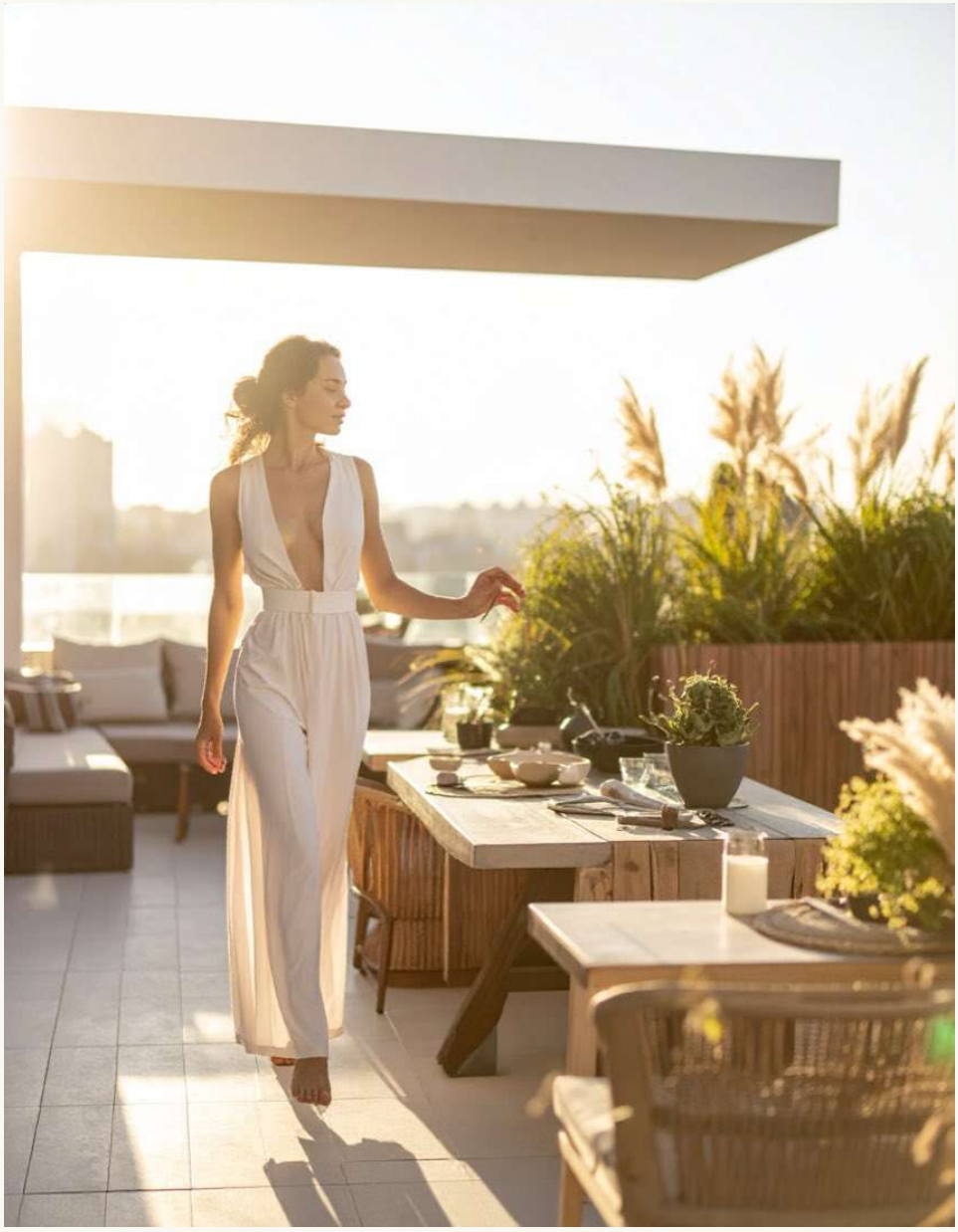
The room that was always going to be there

There is a reason the paradox is weak, and a Japanese quality engineer described it long before anyone tested the paradox. In 1984 Noriaki Kano and his colleagues published a paper, in the journal of the Japanese Society for Quality Control, distinguishing kinds of quality by how their presence and absence feel to a customer.[21] Some qualities are what came to be called must-be: their absence causes strong dissatisfaction, and their presence is simply taken for granted. Some are one-dimensional: the more of them, the better. And some are attractive: their absence is not missed, but their presence delights. The original paper is in Japanese and was not read for this book; the categories are given as a 2013 review of the hundred and forty-seven studies that followed it describes the field, and as they are generally taught.[22]

A room, on the night it was booked, is a must-be quality. Nobody is delighted to find that a hotel has a room for them. Everybody is dismayed to find that it has not. The night manager's recovery added something attractive, a walk across the square, a taxi, a name, and for one guest on one night the attractive thing outweighed the missing one. But a must-be quality cannot be traded against attractive ones indefin-

itely. A guest who is moved across the square twice does not count two delightful walks. She counts two missing rooms.

That is why the revenue manager's reading of the review is the most expensive sentence of the week. It treats a must-be failure, caused by a rule the hotel chose, as if the recovery had settled it. Santa Anna's canon describes the step the hotel has skipped, in its account of what happens after a broken commitment is acknowledged. The impact assessment, it says, "also examines systemic factors", and its first question is whether the commitment was realistic from the start. The canon's principle is that the organisation answers for the conditions as well as the person answers for the act: "Sacred Accountability holds individuals responsible for their commitments and holds the system responsible for creating conditions in which commitments can be realistically fulfilled." The night manager kept his commitment. The overbooking rule broke the hotel's.



Two halves of every recovery

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Two halves of every recovery

What changes this is not a better recovery. The night manager's was very good. It is the second half, which most organisations never build.

The first half stays as it is, and is protected. The people who face the customer have the authority to put it right on the spot, within limits that are written down and generous enough to use, because the procedure the customer experiences is the recovery. They say the sentence of acknowledgment, in their own words, without the phrase about inconvenience. They give their name. And someone rings the customer after-

wards, within a day or two, to ask whether what was done was enough. That call is the one most often skipped, and it is the one that tells the hotel whether its recovery worked from the guest's side rather than from the desk's.

It is worth saying what the first half costs the person who does it, because the cost is usually invisible. The night manager walked across the square at eleven, pulling a stranger's case, after a shift that began at three, and he did it well because he has done it before. Each time, he spends something that the hotel does not record: the heat at the back of the neck, the sentence of acknowledgment said with conviction for a decision he did not make, the half-hour afterwards in which the evening does not quite settle. Done once a month, it is part of the job. Done three times a week, because the rule that causes it has not changed, it is how a good night manager becomes a tired one, and then a former one. The recovery card protects him as well as the guest. It moves the weight of the failure, on paper, from the desk to the person who can remove its cause.

The second half begins with a card. Every recovery, however small, produces one: the date, what the customer was promised, what happened instead, what was done, what it cost, and, in the words of the person who did the recovering, why it happened. The night manager's card says *overbooked by two on a conference night; walked one guest to the hotel across the square*. Once a week the cards go not to the front-desk team, who already know, but to the person who owns the system that produced each failure. The overbooking cards go to the revenue manager. And the revenue manager reads them in the same meeting at which she reads the reviews. The two belong together. A review that praises a recovery and a card that records its cause are the same event seen from the guest's side and the hotel's, and a manager who reads only the first will always conclude that the system is working.

Santa Anna's canon, listing the kinds of truth an organisation finds hardest to say about itself, puts first the operational ones, and among them "The product feature that customers hate but the roadmap treats as a success." The overbooking rule is that feature, and the Thursday meeting was treating it as a success. The broken expectation on the night manager's card is a room. The cause is a rule, set for good reasons, that does not distinguish between a quiet Tuesday and the night before a conference that fills the city.

Chapter 7 carries the recovery card, the follow-up call and the weekly cause review as working pages, with the questions in order and the mistakes made at each step, and Chapter 6 places them in the order of a first ninety days. What can be said here is what the cause review usually finds. A small number of causes produce most of the cards, as they produce most of the second calls on a repairs line, and most of those causes are rules or systems that nobody at the desk can change. The overbooking rule is changed to hold back on conference nights. The cost of the walks falls. The night manager's Tuesdays become quieter, which he notices before anyone else does.

There are mistakes that are easy to make. A recovery budget that is treated as a fixed cost of doing business, rather than as a signal, will be spent every year on the same causes. A cause review that becomes a

hunt for whoever made the rule will teach the revenue manager to stop reading the cards. A recovery that pays customers generously and asks nothing, in effect buying their silence, removes the information from the system at the moment it arrives. And a firm that counts its recoveries and celebrates a rising number has measured its failures and called them service.

There is also the guest who is not recovered at all, because she did not say anything. Some customers who meet a failure do not mention it at the desk; they leave in the morning and do not come back, and the customer who leaves without a word (Chapter 3) is the subject of a chapter of its own.

A hotel that makes recovery visible and easy, a desk where it is plainly safe to say *this isn't right*, will hear about more of its failures. That will look, on the recovery count, like getting worse. It is the beginning of getting better, and whether it is better can only be known if the firm decides in advance how the fall in failures will be counted (Chapter 5).

Building the second half

The article this chapter began as ended at a hotel desk. The book can go further, into the finer points of building a recovery that teaches the organisation as well as rescuing the customer.

Write the authority down. The people who face customers need to know, before the night it is needed, what they may do without asking: what they may give, refund, move, rebook or waive, and up to what limit. The limit should be generous enough to use and written plainly enough to be remembered. An adviser who has to ring a supervisor before she can put something right has made the customer wait for the procedure, and the procedure is part of what the customer judges.

Keep the card short. Six lines are enough: the date; what the customer was promised; what happened instead; what was done to put it right; what it cost, in money or time; and, in the words of the person who did the recovering, why it happened. The last line is the one that matters, and it should be written in plain words without a category. *Overbooked by two on a conference night* is more useful than a code for *capacity*.

Make the follow-up call within two days. Someone other than the person who did the recovery rings the customer, asks whether what was done was enough, and writes down the answer. The call does two things. It tells the organisation whether the recovery worked from the customer's side, which is the only side that counts, and it tells the customer that the failure was taken seriously after the moment had passed. It should never contain an offer the customer did not ask for.

Hold the cause review weekly, and invite the owners. The front-line team does not need to read the cards; it wrote them. The people who need to read them are those who own the systems and rules that produced each failure: the revenue manager for overbooking, the head of housekeeping for rooms not ready, the head of IT for the booking that lost its surname. Group the week's cards by cause, give each group to its owner,

and ask for one thing within a week: either a change, or a plain reason why the cause will stay and what it will cost to keep.

Name the pattern, not the person. The canon's guidance on acknowledging difficult truths inside an organisation, that the effective version names systemic patterns rather than individuals, is the rule that keeps the cause review alive. A review that asks who set the rule teaches owners to stop attending. A review that asks what the rule produced, and what it would take to change it, keeps them in the room.

Read recovery spend as a signal. Most organisations record what recoveries cost as a line in the budget. Read it instead as a measure of the failures the recoveries were for, by cause, and watch which causes the spend comes from. A recovery budget that rises because the organisation has made it easier for customers to speak is a good sign; one that rises because the same cause is recurring is a cost that could be removed.

And check which failures are must-be. Kano's distinction gives a cause review its order of priority. A failure of something customers take for granted, a room, a correct bill, an appointment kept, cannot be recovered into delight more than once; it has to be prevented. Those causes go first. Chapter 6 places the card and the review in the ninety days, and Chapter 7 gives the recovery card, the follow-up call and the cause review as working pages.

Five to eleven, in April

It is five to eleven on a Tuesday night in April, and the night manager is behind the front desk with the arrivals list. The revolving door turns in the draught. A man comes through it with a rucksack, off the last train, and gives his name, and the night manager finds it on the screen, and the room is there. He hands over the key and wishes him goodnight.

On the shelf below the desk is the box of recovery cards. There are three in it this month. One is about a broken shower, one about a booking made under the wrong surname, and one about a late check-out that was promised and forgotten. None of them says *overbooked*.

He reads the arrivals list to the end, and every name on it has a room.

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