



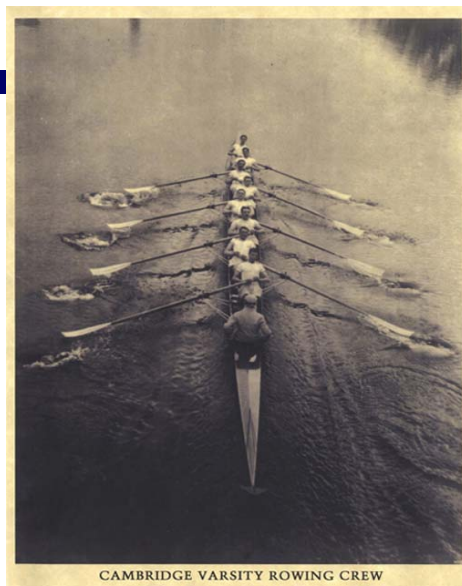
Loyalty is Priceless

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Historical View of Leadership & Management



CAMBRIDGE VARSITY ROWING CREW

Today's Reality



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3

What Is Satisfaction?

- Definition: fulfillment of a need
- Measured by self-reported rating, e.g.,

	Completely Disagree	Completely Agree
Overall, I am completely satisfied with the dining services.	1 2 3 4 5 6 7 8 9 10	

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What Is Loyalty?

- Behavioral: frequency / proportion of re-use
- Attitudinal: frequency / proportion of recommendation / advocacy
 - Do your customers recommend?
 - Do your employees recommend?
- Employees are key to customer / consumer loyalty

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Is this our way of responding?



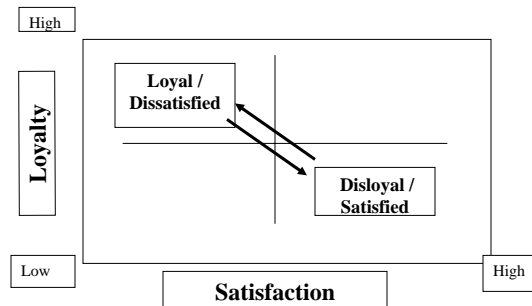
Connection?

- Do ↑ Satisfaction Levels
= ↑ Levels of Loyalty?
- Aren't Satisfied Customers
Loyal Customers?
- No, Not Necessarily!

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Satisfied ≠ Loyal

Satisfaction / Loyalty Connection



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Who Doesn't Complain?

- What they **aren't** telling you
- Customer / Consumer behavior in the face of poor service
 - Less than 30% complain
 - They tell on average 11 people
 - How many have heard about the issue when you do?
- Effective **response strategy**

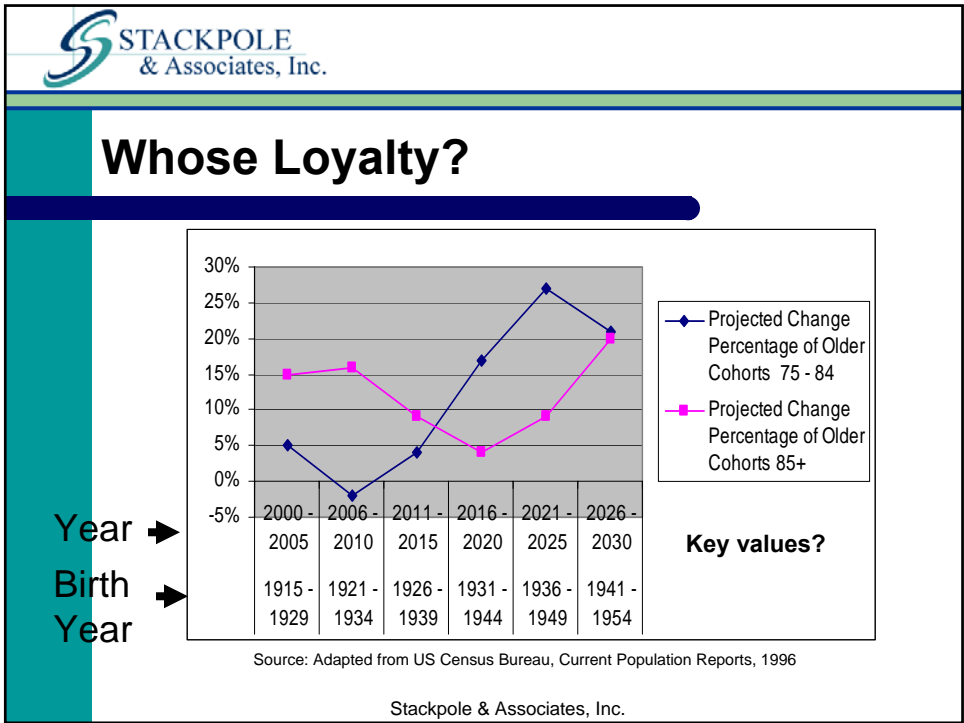
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Managing for Loyalty = Recovery

- Loyalty behavior when experience is good
- Loyalty behavior when experience is bad
- Effective Recovery = Highest Loyalty

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How Do We Manage for Loyalty?

- RESPONSE STRATEGY
 - Service Errors *and* Compliments
 - Response Must Be:
 1. Prompt
 2. Authoritative
 3. Follow-Through


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 **STACKPOLE & Associates, Inc.** **Complaints & Compliments**

- Complaints *and* Compliments
 - Considered together, they are both opportunities to address critical management requirements

Complaint	Compliment
Delivered from high emotion (unpleasant)	Delivered from high emotion (pleasant)
Represent key operational issue (negative)	Represent key operational issue (positive)
To be addressed promptly (risk avoidance)	To be addressed promptly (secure benefit)
Damage to staff if mis-managed	Loss of benefit to staff if mis-managed


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 **Response Strategy**

- **For both Complaints & Compliments**
 - **Prompt**
Speed of response is correlated to satisfaction
 - **Authoritative**
Don't equivocate – tell the consumer what will be done
 - **Follow up**
Do what you say will be done
 - **Measurement**
Measure effectiveness afterward

Source: Chase & Dasu; Reicheld: Denove & Power


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 **Response Strategy**

- **Prompt**
 - Speed of the response is related to satisfaction with outcome

Complaint	Compliment
“I am sorry that...”	“Thank you...”


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 **Response Strategy**

- **Authoritative**
Don't equivocate
Do tell the person what will be done, when & ask permission


Complaint	Compliment
"I will do [.....] right way, alright?"	"I would like to share this with [], OK?"

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 **Response Strategy**


- **Follow up**
Do what you say will be done
Consequence of *not* following up...
- **Remind & Measurement**
Remind and Measure by referencing recovery and / or asking - "Was that OK?"
Add this to surveys?

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 **Type of Response**


- Type of Response –**
 - Varies by Type of Complaint
 - Tangible Errors – e.g., lost or damaged articles, wrong meals, wrong Rx, wrong Tx
 - Recovery
 - ✓ Apologize
 - ✓ Compensate
 - ✓ Remind & Measure

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 **Type of Response**

- Type of Response –**
 - Varies by Type of Complaint
 - Process Specific Errors – rude behavior or brusque behavior (actual or perceived), schedule delays, missed appointments
 - Recovery
 - ✓ Apologize
 - ✓ Explain
 - ✓ Demonstrate
 - ✓ Remind & Measure


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The Barriers

- Effective Response Strategy
 - The Barriers
 - Personal Defensiveness
 - Professional Pride
 - Culture of CYA
 - Loss of Wisdom → Turnover
 - “Task” focus vs. “person” focus

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