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WEBINAR:

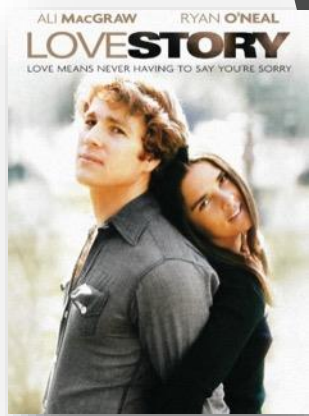
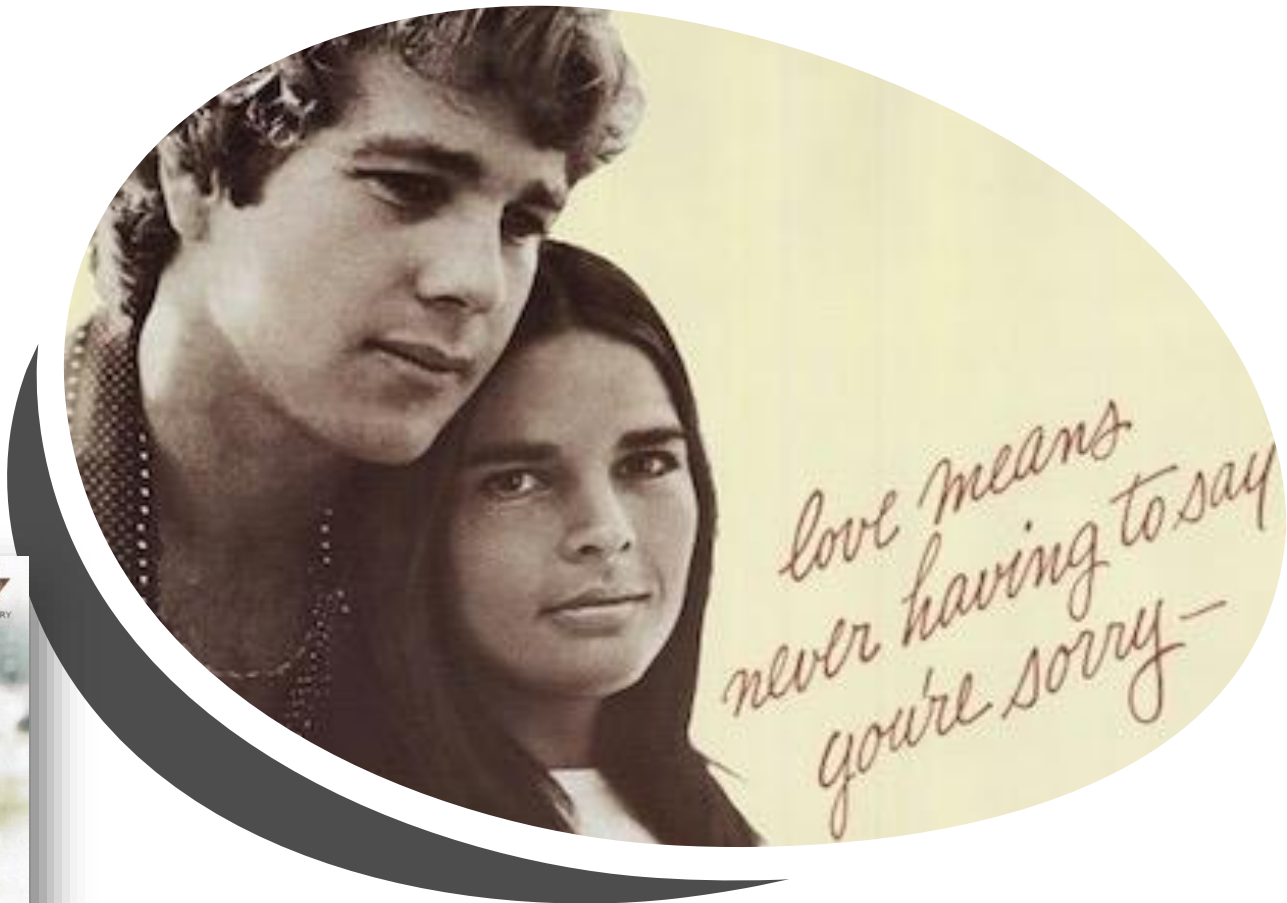
SORRY SHOULDN'T BE THE HARDEST WORD:

*Apology Science
in the B2B World*

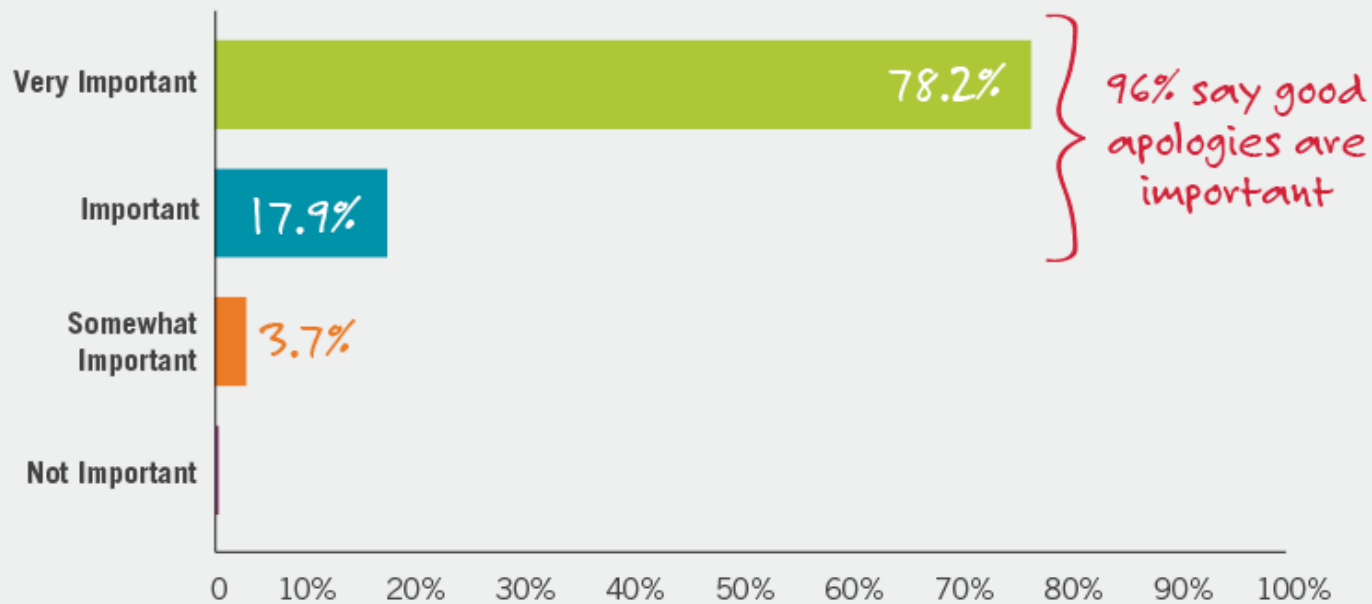


It seems to me, sorry seems to be
the hardest word.

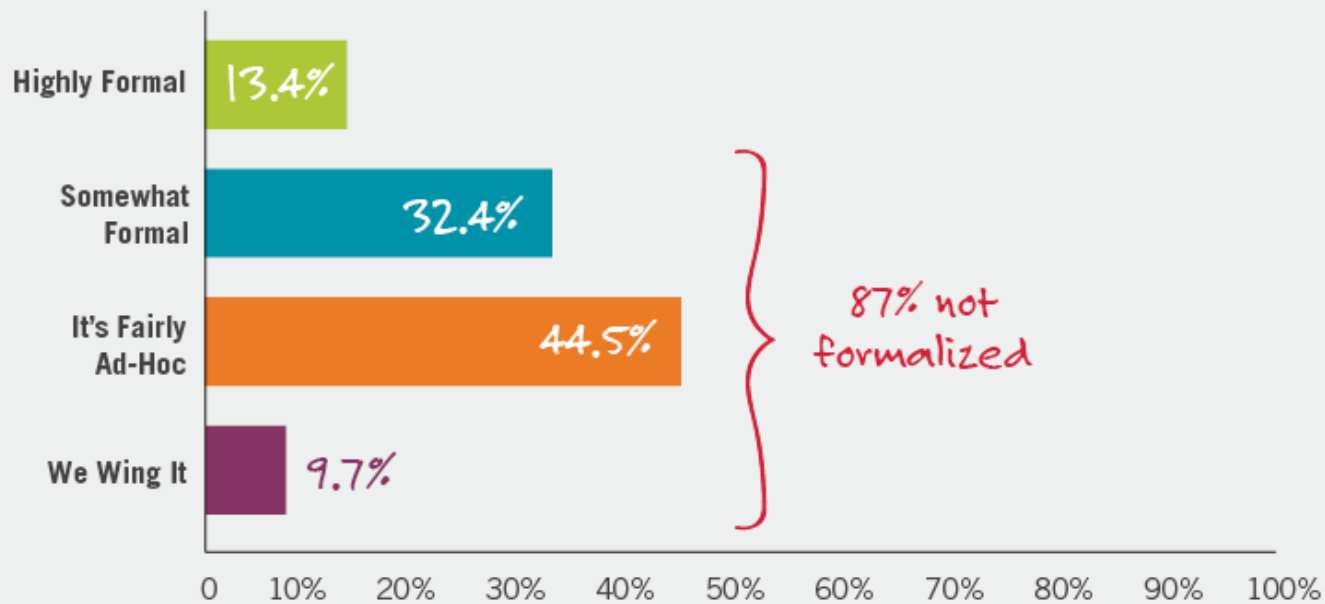
— *Elton John* —



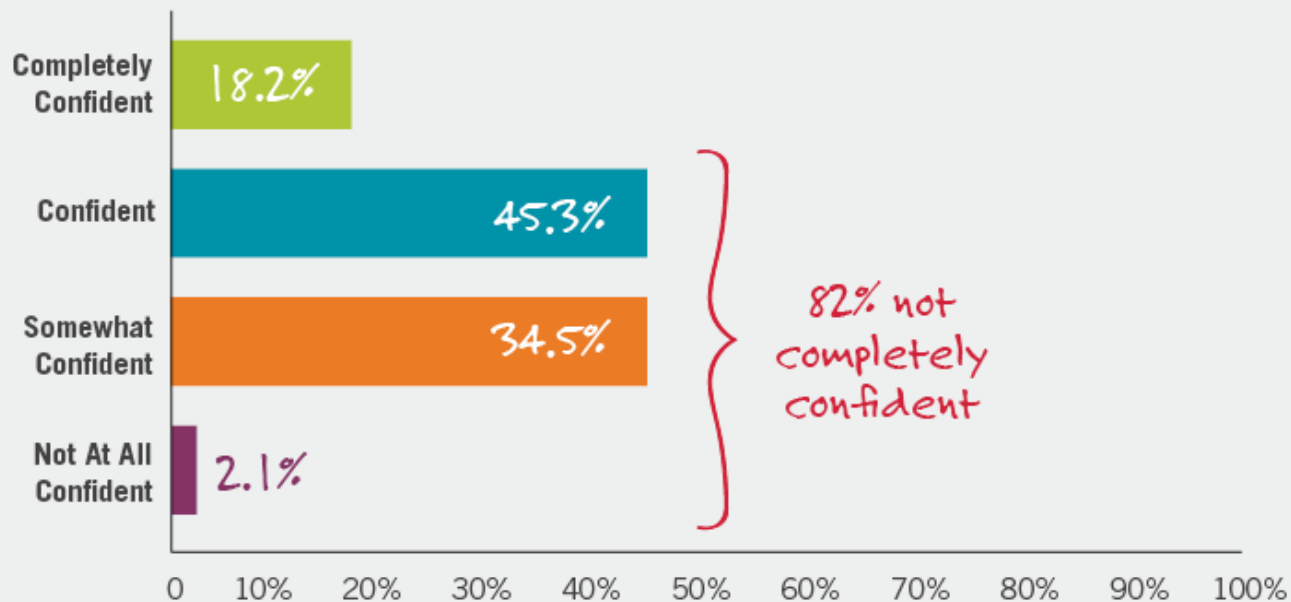
How important to your company's success is your ability to apologize convincingly and effectively to your current customers when they experience a major product or service failure with your solution?



How formal is your process for apologizing to clients for major product service failures they experience with your solutions?



How confident are you in the effectiveness of your customer apologies after a major product service failures they experience with your solutions?

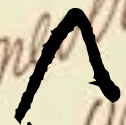




Customer
Loyalty



*love means
never having to say
you're sorry -*



always

Decision Science Research

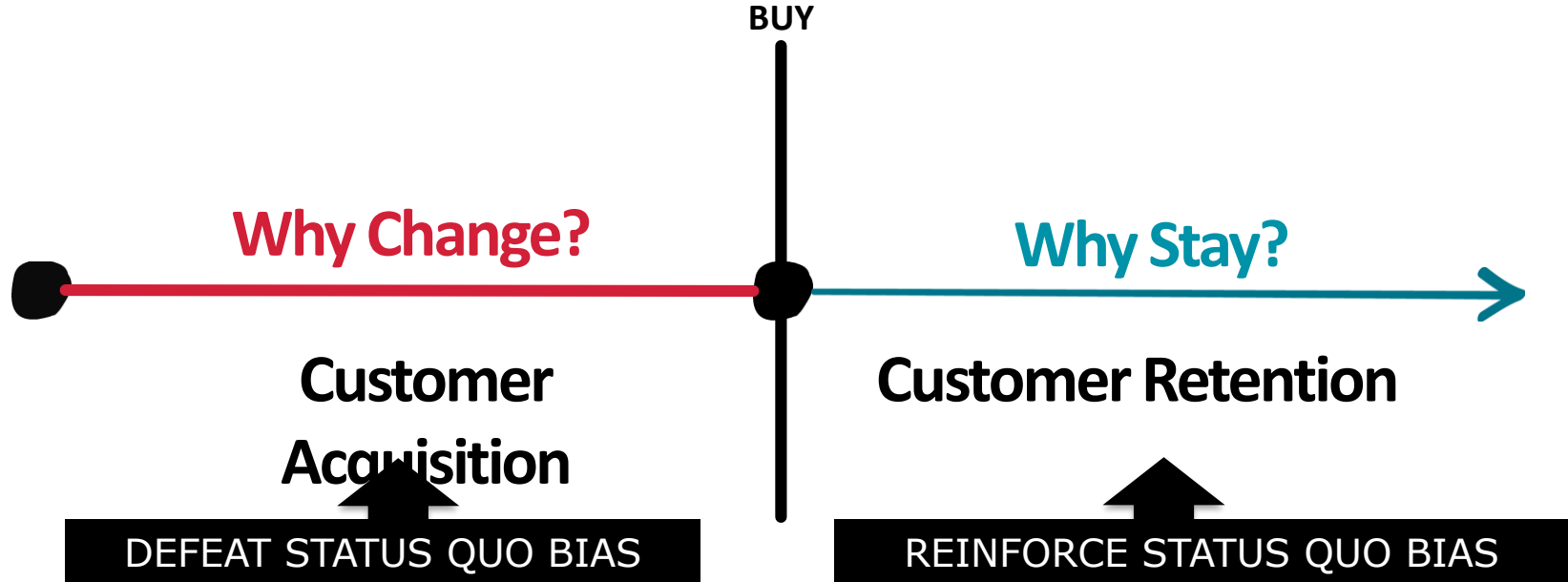
Professor Nick Lee



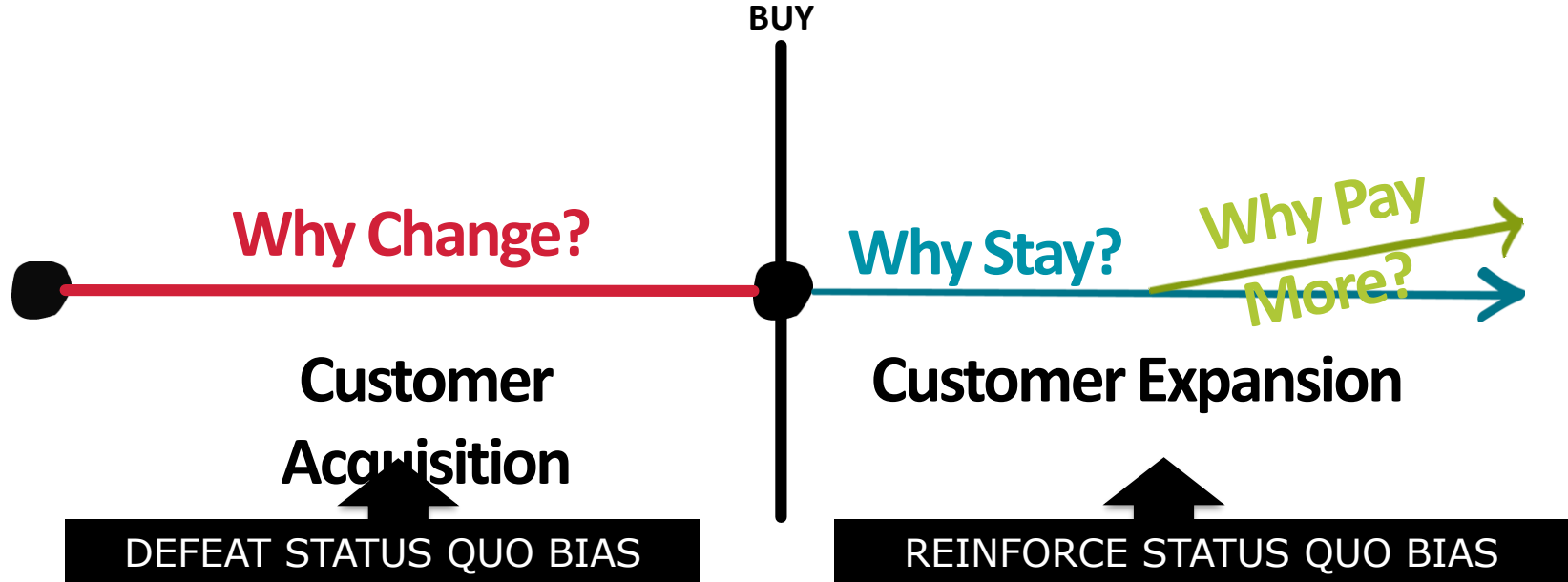
Customer deciding journey



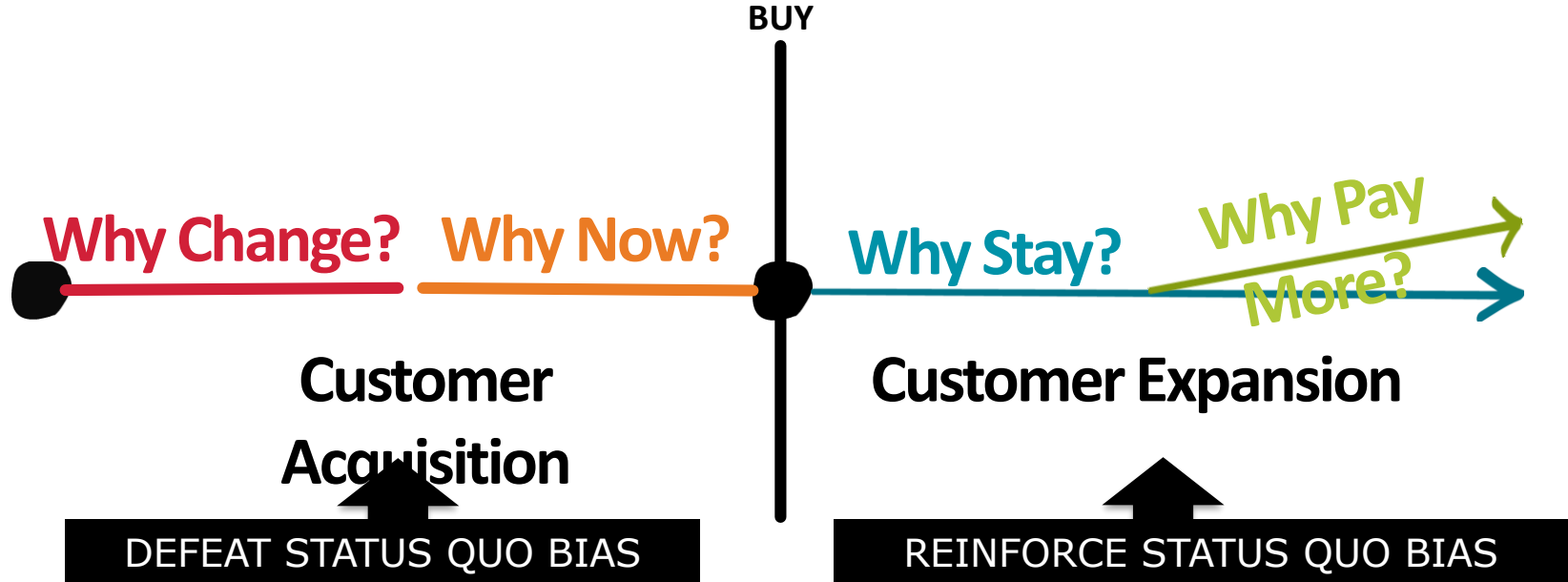
Customer deciding journey



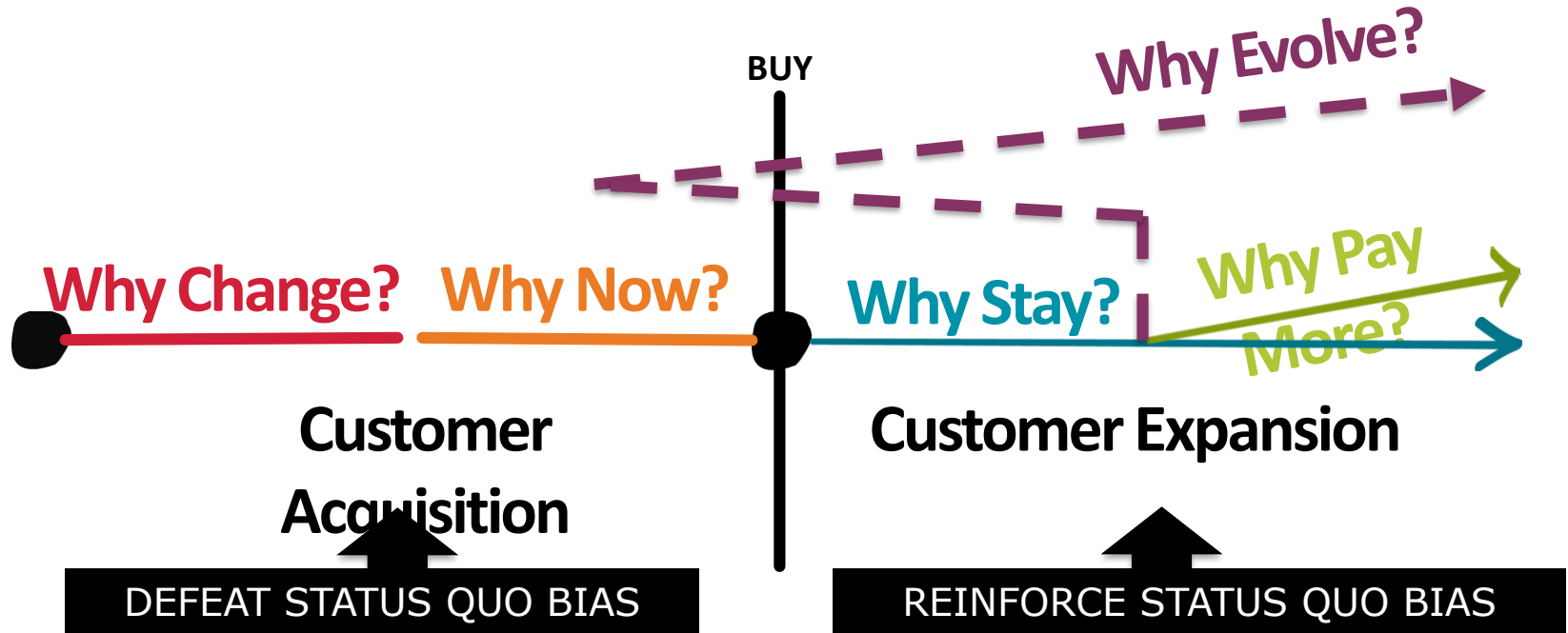
Customer deciding journey



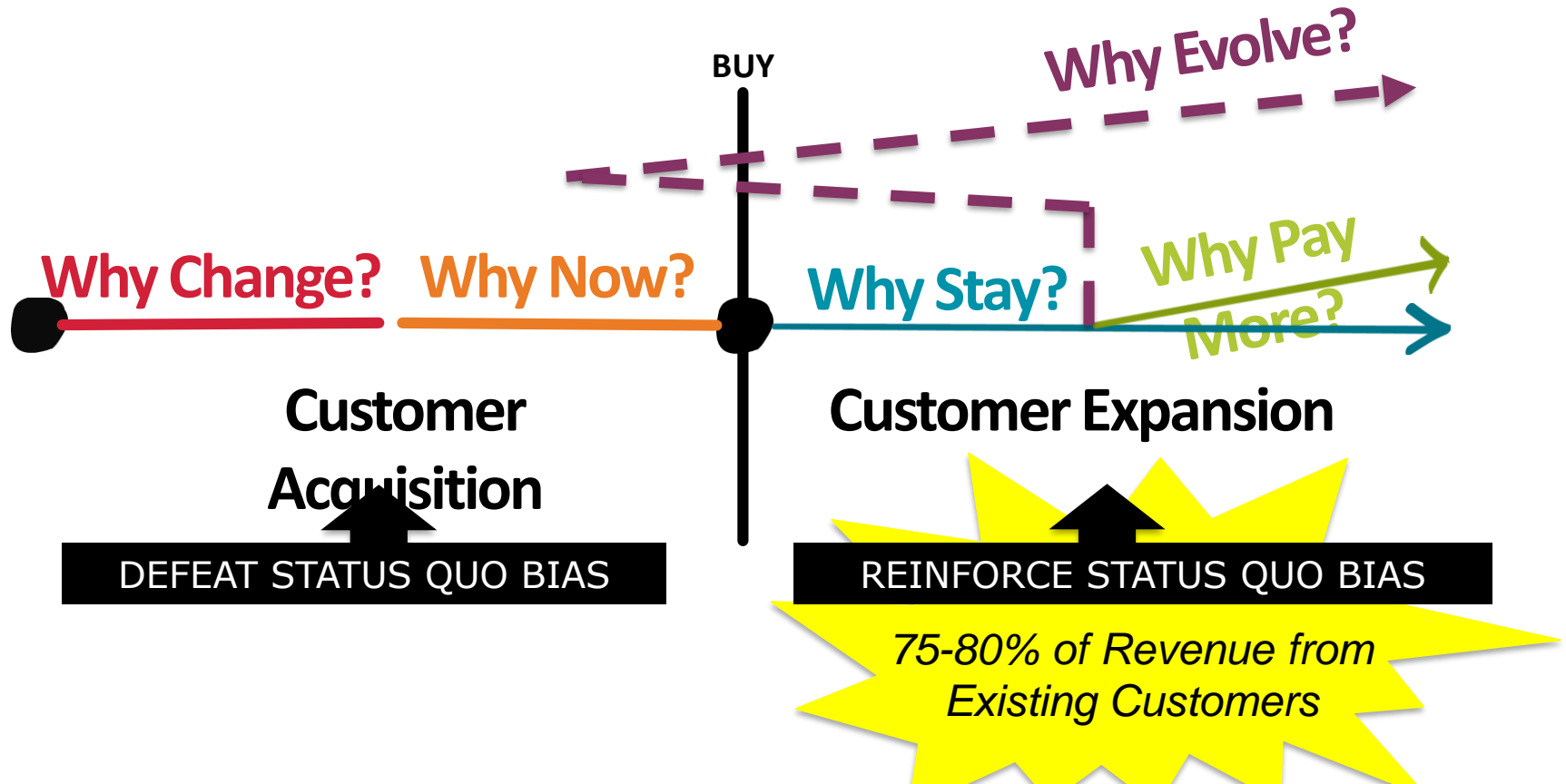
Customer deciding journey



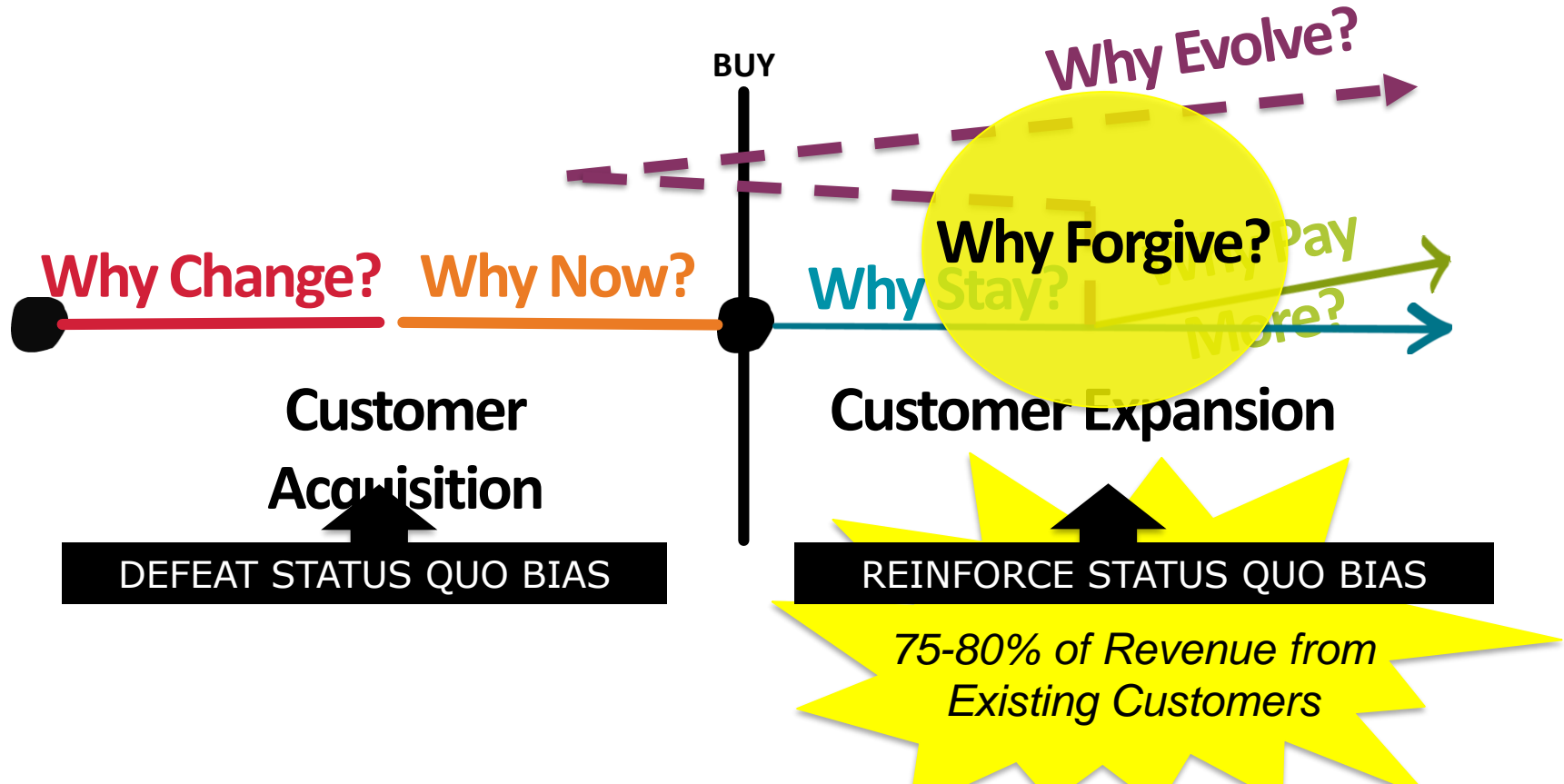
Customer deciding journey



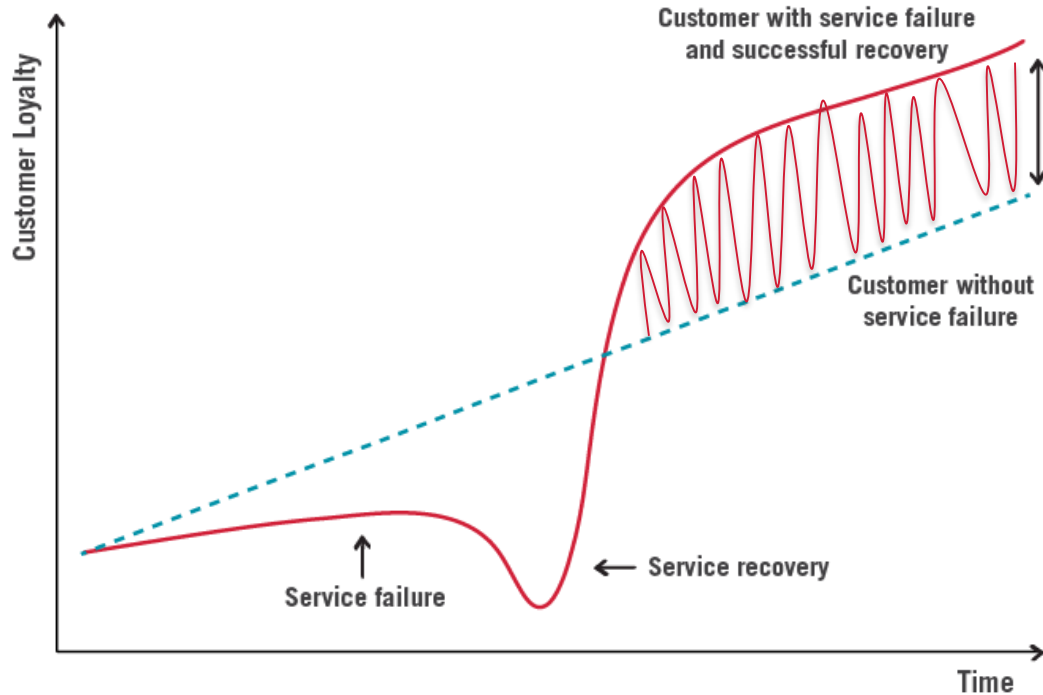
Customer deciding journey



Customer deciding journey



Service Recovery Paradox in B2B



Service Recovery Paradox Requires Four Things

1. Initiation



Willingness to engage in recovery actions -- even if the problem isn't caused by the failing provider directly, but rather by a sub-contractor or other third party.

2. Response Speed



Timeliness and responsiveness of recovery actions, especially when service failures occur at companies where every second of downtime costs big money.

3. Compensation



Allocation of financial and physical resources, which typically means additional free-of-charge resources to resolve the service failure as fast as possible.

4. Apology



Communication of the problem, the fix and remorse to the affected customer parties in a way that positively influences the perception of the service recovery episode.

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Apology Science Identifies Five Components of Effective Apology



- 1 Acknowledgement of Responsibility** – Demonstrate you understand your fault
- 2 Offer of Repair** – Describe how you plan to fix the problem and rebuild trust
- 3 Explanation of Problem** – Explain the reasons for the failure to the customer
- 4 Expression of Regret** – Express how sorry you are for the problem
- 5 Declaration of Repentance** – Expressly promise to not repeat the problem

Test Set-up

Recruited 500 people across North America and Europe

- Imagine you are the manager in charge of an HR benefits enrollment system that failed during the most critical time of the year—benefits enrollment.
- The problem had a significant and wide-ranging negative impact on others in the organization, including the most senior executives.

Measured the severity of their reaction, and then measured their responses to important SRP-related questions

Failure Scenario

"Near the end of the benefits sign-up period, the software your employees use to sign up for benefits goes down for an extended period. Employees are emailing you directly with questions and frustrations, especially with the deadline looming. They are also submitting requests for support to IT, which cannot rectify the problem because it is an issue with the software supplier itself.

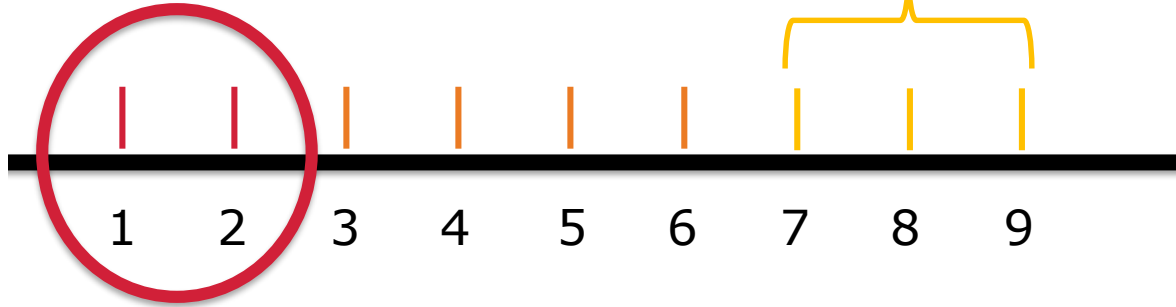
"Your HR leadership team and other managers are repeatedly asking you for updates regarding when the problem will be corrected. The software ultimately comes back online, and the sign-up period ends. But, this results in a much higher workload for you and your team to ensure all employees have the necessary benefits. You're also fielding numerous questions and concerns from company leaders worried about the impact this experience will have on employee satisfaction."

Q: How would this incident impact your perception of your supplier?

Zone of Indifference



Most Negative



50% of the Participants



Least Negative

Goal: Determine the apology framework that has the most positive impact on the most angry and frustrated customers

Apology Transition

Next, the participants were randomly assigned to one of the five apology messaging conditions, and were told:

"You are about to meet with the software supplier for the first time since this serious incident put your department in such a difficult position. What follows will be the written text of their response to the situation."

Test Messaging

Component	Simulation Text
Acknowledgement of Responsibility	The software outage was entirely our fault. It should not have happened at all, let alone during such a critical time for your business. We take full responsibility and are committed to ensuring it will not happen again.
Offer of Repair	I want to attempt to repair any possible problems this outage caused for you, your team, or your employees. First, I have been approved to provide your company with a one-month refund, twice the length of your benefits sign-up period. It is an expanded refund in recognition that this happened at a peak time for your company. I have also directed our customer service team to manually check all sign-ups that occurred after the software came back online to be sure they were captured accurately. I will let you know the outcome as soon as it is complete, no longer than one week from now.
Explanation of the Problem	Your software went down after a major power outage at one of our data centers. Your workload was re-routed to our other data centers as part of our back-up plan and service agreement. However, the second center your content was assigned to was down due to preventive maintenance and a hardware update. This caused your system to go down for a period as the system re-configured to find the next alternative for your workload. We have now updated our redundancy system to avoid anything like this in the future.
Expression of Regret	I am exceptionally sorry for this outage, and as soon as I knew about it I was in constant communication with our technical teams until it was resolved. On behalf of our company, I would like to apologize not only to you, but your leadership team and all affected employees.
Declaration of Repentance	I fully regret that this outage occurred, and our teams are making the necessary changes to make sure it does not happen again. Our outages should be reserved for planned down-time, with advance communication, and we regret that we failed on both accounts in this situation.

Test Conditions

Condition #1	Condition #2	Condition #3	Condition #4	Condition #5
Acknowledgement of Responsibility	Offer of Repair	Offer of Repair	Expression of regret	Explanation of Problem
Offer of Repair	Declaration of Repentance	Acknowledgement of Responsibility	Declaration of repentance	Offer of repair
Explanation of Problem	Acknowledgement of Responsibility	Declaration of Repentance	Explanation of Problem	
Expression of Regret	Expression of Regret	Explanation of Problem	Acknowledgement of responsibility	
Declaration of Repentance	Explanation of Problem	Expression of Regret	Offer of repair	

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How to Write an Apology Letter to a Customer

- 1.** Say you're sorry.
- 2.** Admit you were in the wrong.
- 3.** Offer an explanation of what happened.
- 4.** Give a clear next step.
- 5.** Ask for forgiveness.
- 6.** Don't take it personally.

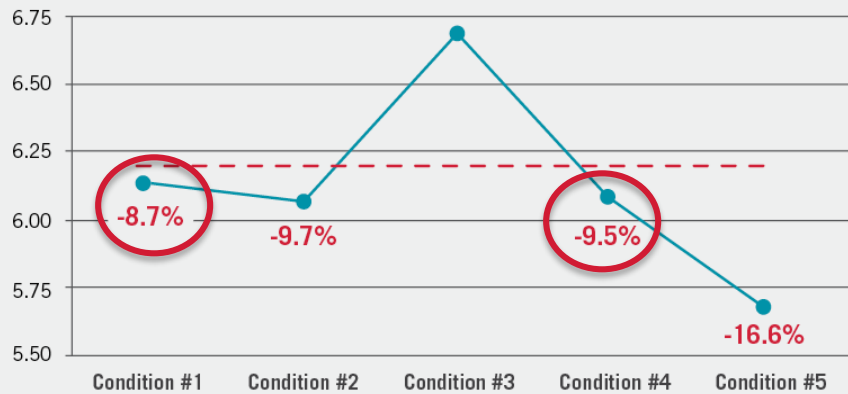
Test Conditions

Condition #1	How to Write an Apology Letter to a Customer	Condition #4	Condition #5
Acknowledgement of Responsibility	1. Say you're sorry.	Expression of regret	Explanation of Problem
Offer of Repair	2. Admit you were in the wrong.	Declaration of repentance	Offer of repair
Explanation of Problem	3. Offer an explanation of what happened.	Explanation of Problem	
Expression of Regret	4. Give a clear next step.	Acknowledgement of responsibility	
Declaration of Repentance	5. Ask for forgiveness. 6. Don't take it personally.	Offer of repair	

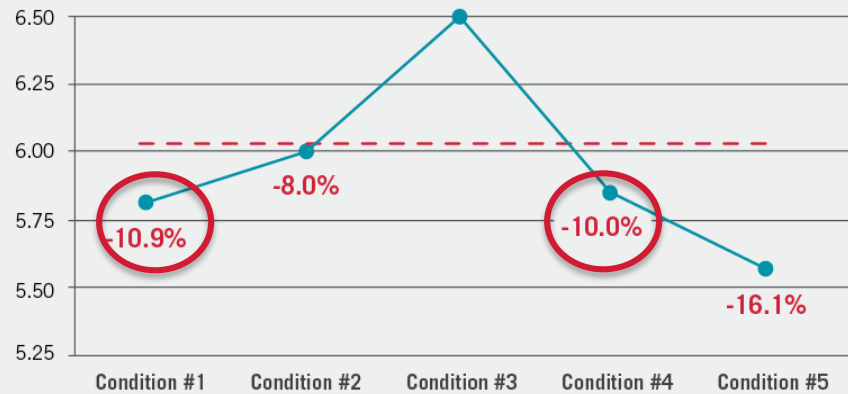


Willingness to
continue buying or
buy more from the
supplier?

How Likely Are You To Buy Again?



How Likely Are You To Buy More?

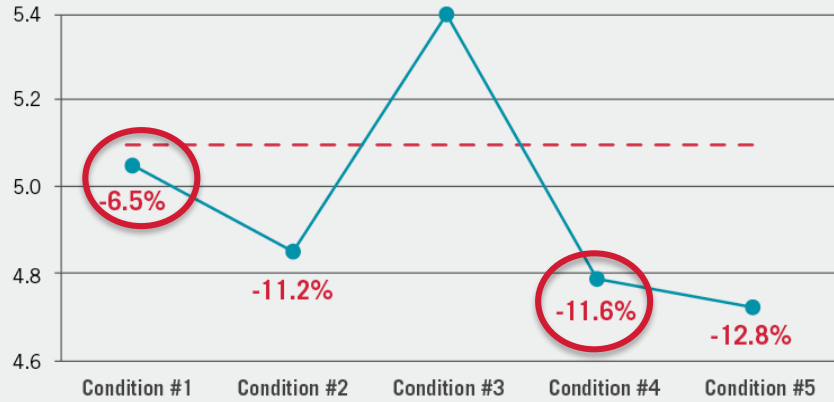


Test Conditions

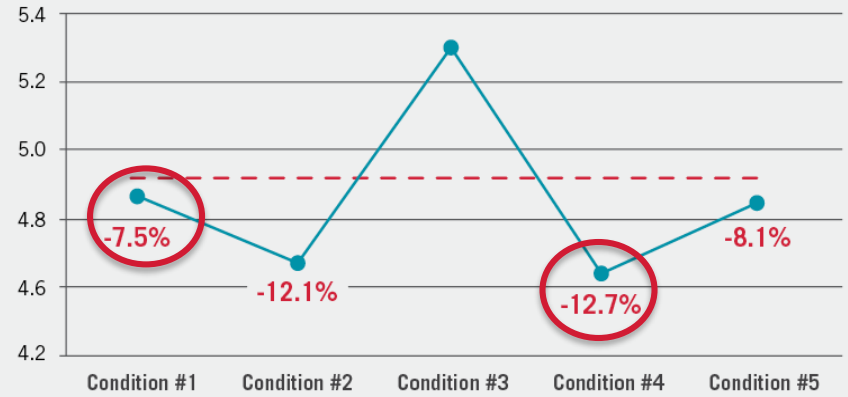
Condition #1	Condition #2	Condition #3	Condition #4	Condition #5
Acknowledgement of Responsibility	Offer of Repair	Offer of Repair	Expression of regret	Explanation of Problem
Offer of Repair	Declaration of Repentance	Acknowledgement of Responsibility	Declaration of repentance	Offer of repair
Explanation of Problem	Acknowledgement of Responsibility	Declaration of Repentance	Explanation of Problem	
Expression of Regret	Expression of Regret	Explanation of Problem	Acknowledgement of responsibility	
Declaration of Repentance	Explanation of Problem	Expression of Regret	Offer of repair	

Willingness to
recommend or
serve as a **reference**
for the supplier?

Likely To Recommend Supplier To Others?



Likely To Provide a Reference For Others?

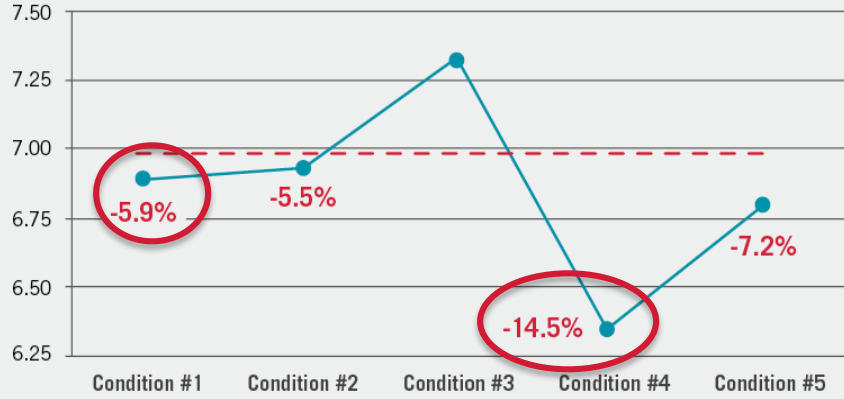


Test Conditions

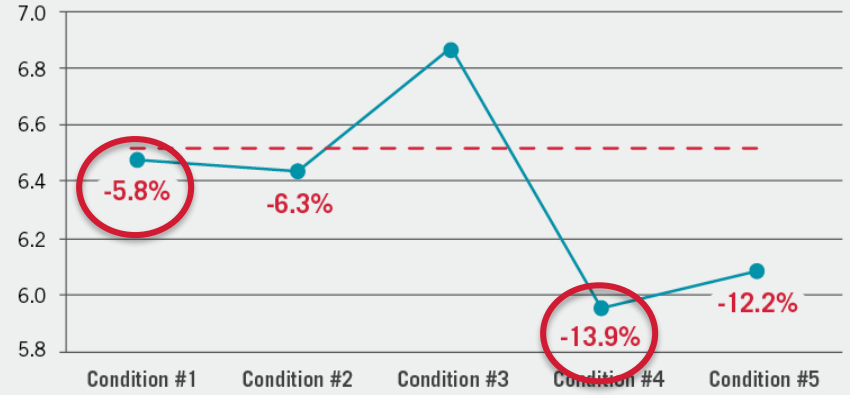
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Offer of Repair	Declaration of Repentance	Acknowledgement of Responsibility	Declaration of repentance	Offer of repair
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Expression of Regret	Expression of Regret	Explanation of Problem	Acknowledgement of responsibility	
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Confident they
fixed the problem
and that it won't
happen again?

Confident They Fully Addressed Incident?



Convinced Incident Will Never Happen Again?

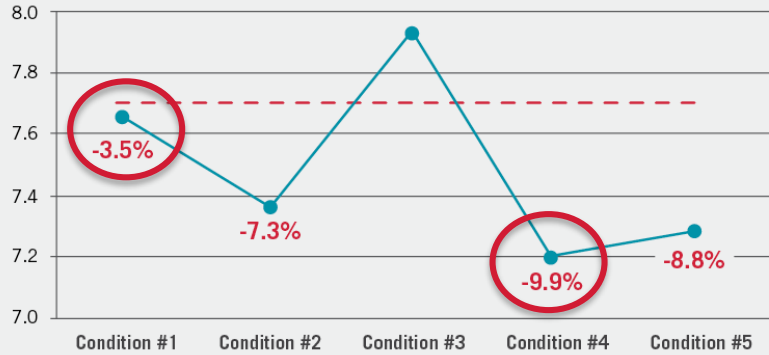


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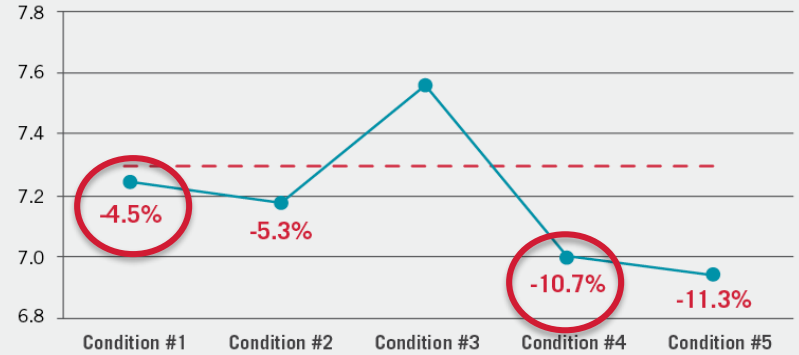
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How **credible** is the
apology and how
does it **reflect** on
the supplier?

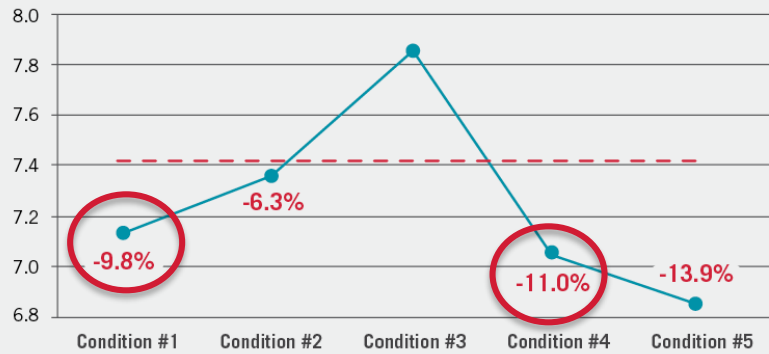
How Effective Was The Apology?



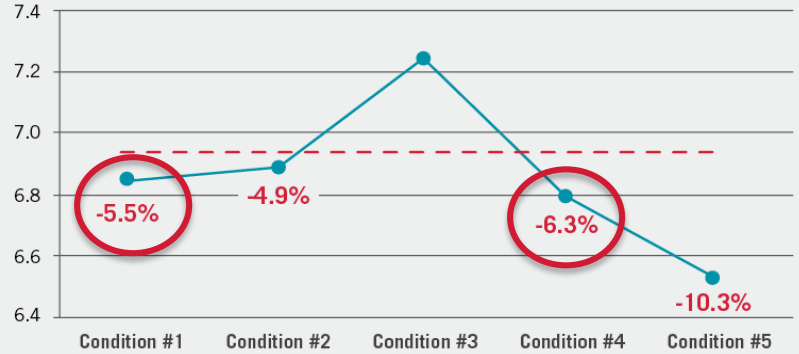
How Credible Was The Apology?



How Adequate Was The Apology?



How Does It Change Perception of Supplier?



A Clear and Consistent Winning Formula!

Condition #1	Condition #2	Condition #3	Condition #4	Condition #5
Acknowledgement of Responsibility	Offer of Repair	Offer of Repair	Expression of regret	Explanation of Problem
Offer of Repair	Declaration of Repentance	Acknowledgement of Responsibility	Declaration of repentance	Offer of repair
Explanation of Problem	Acknowledgement of Responsibility	Declaration of Repentance	Explanation of Problem	
Expression of Regret	Expression of Regret	Explanation of Problem	Acknowledgement of responsibility	
Declaration of Repentance	Explanation of Problem	Expression of Regret	Offer of repair	

Winning Example

Offer of Repair

"I want to attempt to repair any possible problems this outage caused for you, your team, or your employees. First, I have been approved to provide your company with a 1-month refund, twice the length of your benefits sign-up period. It is an expanded refund in recognition that this happened at a peak time for your company. I have also directed our customer service team to manually check all sign-ups that occurred after the software came back online to be sure they were captured accurately. I will let you know the outcome as soon as it is complete, no longer than one week from now.

Acknowledge Responsibility

"The software outage was entirely our fault. It should not have happened at all, let alone during such a critical time for your business. We take full responsibility and are committed to ensuring it will not happen again.

Declaration of Repentance

"I fully regret that this outage occurred, and our teams are making the necessary changes to make sure it does not happen again. Our outages should be reserved for planned down-time, with advance communication, and we regret that we failed on both accounts in this situation.

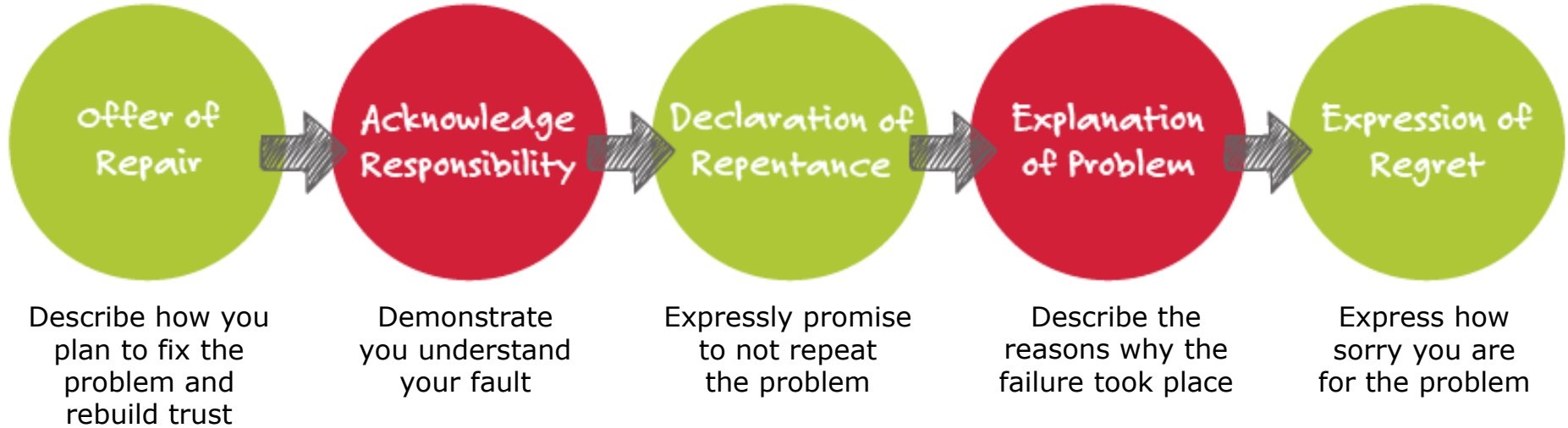
Explanation of Problem

"To let you know what occurred, your software went down after a major power outage at one of our data centers. Your workload was re-routed to our other data centers, as part of our back-up plan and service agreement. However, the second center your content was assigned to was down due to preventive maintenance and a hardware update. This caused your system to go down for a period as the system re-configured to find the next alternative for your workload. We have now updated our redundancy system to avoid anything like this in the future.

Expression of Regret

"I am exceptionally sorry for this outage, and as soon as I knew about it I was in constant communication with our technical teams until it was resolved. On behalf of our company, I would like to apologize not only to you, but your leadership team and all affected employees."

Winning Apology Framework



FREE REPORT

All attendees of today's webinar will be the first to receive our upcoming State of the Conversation Report on Wednesday, April 24th.

