Those who enter to buy, support me. Those who come to flatter, please me.
Those who complain, teach how I may please others so that more will come.
Only those hurt me who are displeased but do not complain.
—Marshall Field, department store magnate

Fixing Healthcare Service Failures

Service Principle:
Eliminate all sources of disappointment positively and quickly

EVERY CUSTOMER ASSUMES that the service she pays for will, at the least, meet her expectations. For example, a patient who makes an appointment for a lab test expects the appointment will be kept when she arrives and the test will be done properly. If the initial expectations are met, the patient is satisfied. If the initial expectations are exceeded, the patient is delighted and willing to return when the need arises. Exceeding patient expectations creates "apostles" and "evangelists"— happy customers who spread positive word of mouth to their family, friends, and associates about the excellent total healthcare experience they received. Such favorable words reinforce the provider organization's public image and reputation.

What happens, however, if the patient's initial expectations go unmet? For example, when the patient arrives for his scheduled appointment, the receptionist informs him that he needs to reschedule because the doctor cancelled her appointments for the day or a machine or equipment is malfunctioning. This patient will feel dissatisfied at best, and at worst, the patient will turn into an angry "avenger"—an unhappy customer who bad-mouths the organization to family, friends, and anyone else who will listen. A typical dissatisfied patient may tell eight to ten people about the problem he encountered, but an avenger will likely create a website to share his disappointment with millions of people.

Service failures, like clinical errors, are inevitable. Many healthcare organizations do plan well for clinical problems, but they do not anticipate service problems with the same care. They incorrectly assume or hope that the service will be available as promised, the setting and delivery system will function as designed, and the staff will perform as they were trained—consistently, every time.

Well-managed organizations, however, work hard to identify, plan for, and prevent all types of service failures, and they understand that these problems vary in frequency, timing, and severity. Not meeting patient expectations can occur any time during a single healthcare experience or across multiple experiences with the same organization. Because first impressions are so important, a problem that takes place early in the process will weigh more heavily on the patient's mind than a problem that occurs later. Big errors count more than little ones.

Customers have more tolerance for poor service than for poor service recovery (Michel, Bowen, and Johnston 2008). If a customer experiences a second failure of the same service, no recovery strategy can work well; in all likelihood, that customer will be lost forever. Furthermore, Michel, Bowen, and Johnston (2008) suggest that a customer is most annoyed and angered not by her dissatisfaction with the service but by her belief that the system that caused the failure remains unchanged and thus will lead to more failure. In other words, customers are turned off by an organization that is so indifferent to its service quality that it does not make the effort to learn from its mistakes.

Learning from failures is more important than simply fixing problems because learning results in process improvements. Improvements, in turn, have a direct impact on the bottom line, as they reduce costs of service errors, boost employee efficiency and morale, and increase customer satisfaction. Although many hospitals have instituted procedures for handling patient complaints in response to accreditation requirements, they do not formally track or capture complaints for learning and improvement purposes (Donnelly and Strife 2006).

In this chapter, we address the following:

- The importance of finding and fixing service failures
- The reasons such failures occur
- Strategies for service recovery and service failure prevention

Ultimately, if the organization neglects to respond to a service problem, it fails twice, not once: First, it did not meet the most basic customer expectation; second, it did not resolve, quickly and appropriately, the problem caused by the first.

ELEMENTS OF A SERVICE FAILURE

Despite the best-laid plans, service failure is a reality in all organizations. Complex organizations function as a system, with interdependent and tightly intertwined parts. One mistake in one part will affect the rest of the system, and the tighter the

intertwining of these parts, the more susceptible the whole system is to disaster. The difference between an excellent and a poor service organization, however, is that the best one works hard not only to remedy failures but also to prevent them from occurring at all. Service failures occur for two reasons: human error and system error, which are discussed in the following section.

Sources

Providers can fall short of a patient's expectations at any point in the healthcare experience. The product, setting, or delivery system may be inadequate or inappropriate, or the staff may perform or behave poorly.

For example, if the patient's teeth do not look as white as she expected when she walks out of the dentist's office, she will be dissatisfied and a service failure could result. Similarly, if the patient's lab test takes several hours to complete, instead of the one-hour time frame he was promised, he will deem the experience a failure. The environment or setting can also cause service failures. If the patient thinks the ambient temperature is too cold, the smell of antiseptic too strong, the exam or waiting rooms too dirty, or the parking lot too dark and too far away, she will feel unhappy about these failures. Certainly, staff can bring about service failures if they are unfriendly or rude, poorly trained or inexperienced, and not forthcoming with information or misinformed. The service product, setting, delivery system, and staff must be carefully managed to minimize the likelihood of a service failure.

Magid and colleagues (2009) illustrate some organizations' failure in managing their services. These researchers surveyed 3,562 emergency medicine clinicians in 65 hospitals. The majority of the respondents said their emergency department (ED) lacks sufficient space in which to deliver patient care, and one-third said the number of patients who presented in the ED consistently exceeds their capacity to provide safe care. On the staffing front, two-thirds reported that the number of nursing staff is insufficient to handle patient loads during busy periods, and 40 percent said they do not have enough doctors to handle patient loads when the ED gets busy.

Taylor, Wolfe, and Cameron (2002) looked at the same ED issues but from the patient perspective. These researchers found 1,141 problems were related to patient treatment, including inadequate treatment and diagnosis; 1,079 problems were related to communication, including poor staff attitude, discourtesy, and rudeness; and 407 problems related to delay in treatment (Taylor, Wolfe, and Cameron 2002).

Patient's Role

Service failures come in different degrees, ranging from catastrophies (which make the newspaper headlines) to minor slipups (which happen behind the scenes and patients never know about). Along this continuum are an infinite number of mistakes. Because the patient defines the quality of the service experience, the patient also defines the nature and severity of each service failure. Two patients dissatisfied about the same failure can have different degrees of unhappiness—one can be "very unhappy," while the other can be "mildly unhappy."

Sometimes, the organization's product, setting, delivery system, or staff may not be the cause of the disappointment; the patient may be at the root of the problem. For example, a plastic surgeon performs a facelift as expected and requested by the patient, but the patient may still deem the operation a failure simply because she does not like the way her new face looks. The patient who ignores warning signs or fills out forms incorrectly also contributes to service failures. Other examples include patients who act belligerently toward staff and other patients and those who sabotage their own care by refusing to take their medication or follow their doctors' orders. These service failures are not initiated by the organization and are often beyond its capability to manage, but the organization must still anticipate, address, and prevent them as well as possible.

It is human nature to attribute successes to ourselves and problems to others. Thus, patients often point their fingers at someone else when a service failure occurs. Organizations that want to keep patient-caused problems from destroying the patient's healthcare experience and his feeling of goodwill toward the enterprise develop and use certain strategies (such as the following) designed to help the patient recover from the failures he created without making him feel foolish or blamed:

- Distribute a heart-healthy or calorie-restricted menu to patients who refuse to abide by dietary orders.
- Provide clear, simple care instructions to family members about the patient's care.
- Offer assistance with filling out forms.
- Make warning and directional signs bigger, bolder, and in languages understood by the primary service population (e.g., English, Spanish, Chinese, Polish, Arabic).

Customer Defection

Patients want an active, interested, positive attitude from their providers. They will not buy into television, print, Internet, or billboard ads that tout the excellence of an organization if they have experienced the opposite.

Customer defection—leaving one provider for another—can be prevented by ensuring that the total healthcare experience is excellent in the first place and, if a service failure occurs, by immediately putting a solid service recovery plan to work. According to Reichheld and Sasser (1990), just a 5 percent reduction in customer defection rate can raise profits by 25 to 85 percent. Clark and Malone (2005) suggest a similar increase in profits and customer retention as a result of successfully addressing customer complaints.

Usually, a service recovery effort yields one of three outcomes:

1. The problem is fixed, and the formerly unhappy patient is now happy.
2. The problem is not fixed, and the formerly unhappy patient remains unhappy.
3. The problem is fixed but not satisfactorily or completely, and the formerly unhappy patient has made concessions with the organization and is now "neutral"—neither happy nor unhappy.

As described earlier, happy patients may become "apostles" or "evangelists," while unhappy patients may turn into "avengers." "Neutral" patients, on the other hand, may forget the whole experience and, as a result, the organization as well.

In extreme cases, such as medical catastrophes, neutralizing the unhappy patient may be the best outcome the organization can reach. For example, if a patient develops an infection after a successful operation, all the organization can do to neutralize the patient's level of dissatisfaction is to ensure that all aspects of the hospitalization is as patient-centered and error-free as humanly possible. Here, the goal is to somehow offset the adverse event with service excellence. Even if that goal is achieved, the patient will still leave feeling neutral and will likely defect to another provider the next time around.

Furthermore, neutral customers are influenced by other factors. A recent study of insurance providers indicates that a patient's switching behavior (or customer defection) is primarily a function of three factors (QMS Partners 2009):

1. Name recognition or lack thereof
2. Stability of the provider
3. Efficiency with which billing complaints are handled

The third factor implies that healthcare consumers highly value the way they are treated by the organization's employees. A service failure in the people part of the healthcare experience can make the difference between customer loyalty and customer defection.

The Impact of Evangelists and Avengers

According to Sherman and Sherman (1998), 1 avenger tells his unfortunate experience to at least 12 people. Each of those 12 then shares the story to 5 or more people. On average, an avenger has an audience of about 72 people. Furthermore, if 8 avengers each spreads the disappointing news to 12 others, each of whom in turn tells 5 of their associates, then 576 people hear the negative word of mouth that only 8 patients actually experienced. A simpler calculation is this: Each dissatisfied customer sends out, verbally or in writing, about 70 negative messages.

Conversely, evangelists do not talk about their positive experience as widely as avengers do. Evangelists share their good stories to approximately 6 other people (Hart, Heskett, and Sasser 1990).

DISSATISFIED CUSTOMER'S RESPONSES

Unhappy patients react in one or a combination of three ways: never return, complain, and bad-mouth the organization.

Never Return

A dissatisfied patient vows to never return to the same provider. This is the worst customer reaction for an organization because it also means the angry patient will tell others about the negative experience. In this situation, the organization loses not only the current business of this patient but also the future business of all the people the patient can influence. Service recovery should be especially focused on this group of unhappy customers.

Complain

Benchmark organizations encourage patients and other customers to complain, and they thank them for it. A complaint should be viewed as an opportunity, not

a challenge, because it gives the organization a chance to refine the system and make customers happy. Patients who complain either verbally or in writing allow employees and managers to fix the problem before the problem and the dissatisfaction are shared with others.

Organizations may also teach patients to complain, if necessary, as detailed complaints function as feedback that can be measured and monitored over time. Complaining patients are less likely to defect to another provider and to bad-mouth the organization than those who do not express their dissatisfaction to the organization. Making sure no customer leaves unhappy is obviously advantageous to any organization. The best way to ensure this is to seek out patient complaints before they leave the hospital, clinic, or office.

The results of a landmark study conducted by the Technical Assistance Research Program (TARP 1986) for the U.S. Office of Consumer Affairs strongly suggested that customers who complain are more loyal than those who do not and that having complaints satisfactorily resolved increased the customers' brand loyalty. These customers were happier with the organization after experiencing bad service than before because the dissatisfaction led to improvement. Research conducted on the relationship between customer loyalty and complaints since this TARP study has confirmed these findings from more than two decades ago.

Bad-Mouth the Organization

If the negative experience is costly—financially and/or personally—the patient is more likely to spread the bad word. The greater the cost to the patient, the greater the motivation to tell. People who hear such negative stories will be discouraged to patronize the same provider, if given a choice.

Angry customers (avengers) who used to be limited to writing letters to corporate headquarters or the Better Business Bureau, putting up signs in their yard, or painting "lemon" on the car now have a more powerful tool: the Internet. For a minimal fee, anyone with Internet access can create a website or a blog to tell the world about an offending company and also invite others to share their stories of poor treatment. In this day of instant and global communication, a "bad-mouther" can spread the message to millions of people; the same is true of evangelists.

Word of mouth is important for several reasons. Friends, family, colleagues, and other associates tend to be more credible sources than impersonal testimonials (Lake 2009). When a friend reports that a certain physician is cold and uncaring, you no longer believe or are at least wary of the advertisements that promote the

"warm and personal touch" of that physician. Personal accounts, either good or bad, from friends and family are also more vivid, more convincing, and more compelling than any paid commercial advertising.

Dollar Value of Customer Dissatisfaction

Customer defection and negative word of mouth create an expensive problem for the organization. Over time, the loss of revenue from a patient who opts never to return and from potential customers who listened to the unhappy patient's bad-mouthing is tremendous. Because that dollar value is so high, hardly any effort to fix a service failure is too extreme.

Consider these numbers that illustrate the point. Suppose the average person is admitted into the hospital three times over her lifetime, and the average hospital bill for one stay is $15,000. For Patient A, who vowed never to return to and has bad-mouthed the hospital, the lifetime revenue loss sustained by the hospital is $45,000. If Patient A is married and has two children, the lifetime family revenue loss rises to $180,000. If the bad-mouthing damage is calculated (Patient A tells 12 others, according to calculations by Sherman and Sherman [1998]), the lifetime loss could reach $540,000 ($45,000 × 12) at a minimum.

A similar type of calculation can be done for a managed care organization that lost a multiyear contract with one dissatisfied employer that represents 300 covered lives. Let's assume annual premiums of $3,000 per enrollee over a five-year contract. The cost of this loss is $4.5 million (300 × $15,000 = $4.5 million). Similarly, a physician's defection from a hospital, assuming he brought in 2 admissions per week for 45 weeks a year, will result in a $1.35 million loss (90 × $15,000 = $1.35 million).

To make these figures meaningful to employees, the financial loss can be calculated at the department level—that is, what dollar amount is associated with the defection of one nurse? Such calculations can also lead to some surprisingly large numbers for even a small business. To show how a dentist might come up with numbers like these, assume that the dentist's satisfied patients come in for treatment twice a year and spend an average of $150 each time. The total value of each satisfied biannual patient's business for the next five years is $1,500. Conversely, positive word of mouth from happy patients can bring in enormous numbers in potential revenues.

The point of this exercise is simple: The long-term cost of patient defection and negative word of mouth is usually much more than the expense of correcting a service failure—immediately and appropriately.

SERVICE RECOVERY

An organization's attempt at service recovery can make a positive or negative impression on the patient who experienced a service failure (Berry 2009). A small problem can turn big if the effort is half-hearted, misguided, or too little too late. A big problem minimized or eliminated, on the other hand, becomes a great example of customer service that must be shared with the rest of the organization.

In addition, the way an organization responds to complaints and service failures, whether well or poorly, communicates how committed it is to patient satisfaction. Similarly, the way an organization seeks complaints and service failures sends a loud message about what it truly believes in. Compare the following hypothetical organizations.

Hospital A is defensive about patient complaints and keeps them secret (although employees usually hear about them anyway), resolves problems as cheaply and quietly as possible, and seeks people to blame for the complaints. Hospital B, on the other hand, aggressively looks for and fixes service failures, disseminates findings about complaints and failures throughout the organization, makes quick and fair adjustments and improvements, and seeks solutions rather than scapegoats.

Which of the two organizations provides better customer service?

Some companies claim strong financial benefits from successful complaint resolution. According to Sherman and Sherman (1998), even if a service failure occurs, about 70 percent of the patients affected will continue to do business with the provider if their issues are resolved eventually; that percentage jumps up to 95 if the issues are resolved on the spot. This finding translates into large sums of money over the lifetime of these patients and their families and friends. Such data motivate benchmark healthcare organizations to engage their frontline employees in handling service complaints and problems. These organizations empower employees to address the failures quickly and in whatever way they see fit, without manager authorization or approval. Hart, Heskett, and Sasser (1990) agree: "The surest way to recover from service mishaps is for workers on the front line to identify and solve the customer's problem."

Complaints and Other Service Failure Data

Most organizations generally obtain and study only a fraction of the service failure data collected from customers, employees, and managers. Even when managers agree that customer feedback is essential, often that information does not flow from the division that gathers and addresses it into the rest of the organization

(Michel, Bowen, and Johnston 2008). Also, "most firms fail to document and categorize complaints adequately," which makes it more difficult to learn from mistakes (Tax and Brown 1998).

Research indicates that the more negative feedback a customer service department collects, the more isolated that department becomes because it does not want to be seen as a source of friction. Some service recovery units soak up customer complaints and problems with no expectation of feeding this information back to the organization. Other organizations actually impede service recovery by rewarding low complaint rates and then assuming that a decline in the number of complaints signifies an improvement in customer satisfaction.

Employee attitudes (positive or negative) about management spill over to the way they treat patients and other customers. Positive attitudes result when employees believe that management provides them with the means and the support to handle service failures. When employees believe otherwise, they tend to think they are being treated unfairly and display passive and maladaptive behaviors that can sabotage customer service. At organizations that reward low complaint rates or punish/blame employees for service failures, employees may send dissatisfied customers away instead of keeping them by apologizing and addressing the issue, which employees most likely created.

SERVICE RECOVERY STRATEGIES

Berry (2009) argues that the organization should always apologize for service failures, but an apology alone is seldom sufficient. Three major strategies are available for dealing with service failures:

1. *Proactive or preventive strategies* for identifying problems before they happen; these strategies are built into the design of the service, employee training, and the delivery system
2. *Process strategies* for monitoring the critical moments of the service delivery
3. *Outcome strategies* for seeking out problems after the service experience has happened

Preventive Strategies

Preventing problems is easier and less costly than recovering from them. Proactive strategies are designed to identify and fix any trouble spots before they become a service failure.

Forecasting and Managing Demand

If a statistical prediction of patient demand on a particular day indicates that the hospital will be full, then a preventive strategy is to schedule full staff on each shift, make extra supplies available, and prepare departments for full capacity. The same strategies could work for a physician practice that is anticipating a lot of patient visits on a given day. An appointment system may help manage the expectation of patients, and sufficient staff and supplies can be made available.

If the organization plans poorly, and patients have to wait longer than they feel is appropriate, their perception of the overall quality of their service experience declines rapidly, and a service failure results. Keeping the wait time short avoids this type of failure.

If demand can be forecasted for a longer period, then other proactive strategies can be implemented. For example, if demand in two years is expected to increase by 20 percent, new capacity should be built, new employees should be hired and trained, and inventories should be increased to prevent the occurrence of long waits, unavailable supplies, or insufficient and untrained staff. Even if major steps (hiring more staff, building new capacity) cannot be taken because of limited resources, employees may be trained to cope with demand surges. Just as hospitals run disaster drills with fire-and-rescue teams, so too can hospitals and clinics train their healthcare workers and give them practice exercises to handle unexpected increases in demand.

Quality Teams, Training, and Simulation

The popular use of quality teams is another preventive strategy. Get staff who are directly involved in the service experience together, and ask them to identify problems they have seen or heard about and to suggest strategies for preventing those problems. Adequate training of frontline employees before they even begin to serve patients is also a preventive measure. Any highly reliable organization ensures that its frontline staff know exactly what customers need, want, and expect from the total experience and are motivated to do whatever it takes to meet (at a minimum) and exceed those customer factors, every time.

Another preventive/proactive approach is to use analytical models, such as those discussed in chapters 11 and 12, to simulate all or part of the delivery system or the service recovery process. Once a model is created that represents a wide variety of patient–provider interactions, the manager and staff can analyze each situation to determine areas of service failures. On a simpler level, role playing and structured scenario simulations can help employees evaluate all types of service problems and learn effective recovery strategies.

Michel, Bowen, and Johnston (2008) suggest creating and communicating a service logic that explains how everything fits together. This should be a kind of

mission statement or a summary of how and why the business provides its services. It should integrate the perspectives of all three groups—customers, employees, and managers:

- What is the customer trying to accomplish and why?
- How is the service produced and why?
- What are employees doing to provide the service and why?

This statement should include a detailed study of internal operations, map out how the organization responds to customer complaints, and describe how that information is used to improve the service recovery process. Similar mapping should detail every step of customer experiences, highlighting customer thoughts, reactions, and emotions.

Performance Standards

Performance standards are tools that not only help employees do their job during the service experience but also guide employees and the organization in evaluating the performance afterward. Employees and their managers can also use these standards to monitor how well or poorly they have performed over time.

Some standards are purely preventive because they can be met before patients enter the door. For example, if a clinic can reliably predict the number of patients who will come in on a given day of the week, that forecast can be used as a basis or standard for the quantity of medical supplies to prepare and order. If the prediction is correct, the service failure of not having enough supplies on hand should not occur.

Other preventive performance standards should be set for the following:

- Number of training hours required for staff annually
- Number of equipment to be purchased
- Number of examining tables to be set up
- Level of supply inventory

Performance standards also help patients understand the level of service they can expect. Examples of such standards include "We will try to resolve problems of types A, B, and C within two hours," "We will try to resolve problems of types D, E, and F within one week," or "If you leave a message on our help-desk voicemail, we will call you back within one hour."

Many customers of the Ritz-Carlton Hotel know, for example, that phone calls are supposed to be answered within three rings and that after a customer registers

a complaint, a Ritz employee is supposed to make a follow-up call within 20 minutes. Similarly, hospital nurses in many facilities are aware that the patient call bell is supposed to be answered within 30 seconds.

JetBlue provides an excellent example of service recovery reinforced by a service guarantee. After snowstorms left some JetBlue customers stranded for many hours on planes that were not equipped to provide food, water, and other creature comforts, JetBlue engaged its customers in a dialogue about what went wrong and how the airline might fix it. The CEO also instituted a service guarantee to indicate the service standards it would implement in the future and the steps it was taking to support that guarantee (Lane 2007). As a result, most JetBlue customers continue to patronize the airline.

Poka-Yokes

To avoid wrong-side surgery, sometimes called bilateral confusion or symmetry failure, the National Academy of Orthopedic Surgeons has urged its physician members to sign their names on the spot to be cut. Surgical patients often write in felt-tipped marker "I hurt here" with an arrow pointing to an elbow or "yes" on one knee and "no" on the other. These doctors and patients, probably without knowing the term, are using "poka-yokes."

The poka-yoke is a proactive strategy that aims to keep service as flawless as possible. Conceived by the late Shigeo Shingo, an industrial engineer at Toyota and a quality improvement leader in Japan, poka-yoke makes service quality easy to deliver and service problems difficult to incur because it requires the inspection of the system for possible problems and the development of simple means to prevent or point out those mistakes. For example, a surgeon's tray and a mechanic's wrench-set box often have a unique indentation for each item to ensure that no instrument is left in a patient or no wrench is left in an engine. Another example is the identification bands hospitals use to ensure that the right patient gets the right treatment. Shingo called these problem-preventing devices or procedures "poka-yokes" (POH-kah-YOH-kay), which means "mistake proofing" or "avoid mistakes" in Japanese.

Shingo distinguished three types of inspection:

1. Successive inspection, where the next person checks the quality and accuracy of the previous person's work
2. Self-inspection, where people check their own work
3. Source inspection, where potential mistakes are located at their source and fixed before they can become service errors. Poka-yokes are used mainly to prevent source mistakes.

An example of successive inspection is when an orderly checks a patient's chart to ensure that it corresponds with the instruction about where the patient should be transported. An example of self-inspection is when an attending nurse compares the prepared drug against the patient's chart before administering the drug. An example of source inspection is when a surgical nurse examines the prepared medical supplies (e.g., surgical tools, bandages) to ensure that sufficient kinds and quantities of the items are available.

Poka-yokes are either "warnings that signal the existence of a problem or controls that stop production until the problem is resolved" (Chase and Stuart 1994). A warning poka-yoke could be a light that flashes when a patient's blood pressure is too low, signaling the nurse to adjust the drip before the patient goes into shock. A control poka-yoke could be a device that turns an x-ray machine off whenever the roentgen level is too high. Warning and control poka-yokes can be further divided into three types: contact, fixed values, and motion step.

Contact poka-yokes monitor an item's physical characteristics to determine if it is right or meets a predefined specification. Some pharmacies, for example, prepare standard quantities of drugs to ensure the dosage is correct before the medicine is distributed. *Fixed-values poka-yokes* deal with established quantities. For example, surgical teams use prepackaged surgical supplies so that they know exactly how many bandages, surgical tools, and so forth are available for use. When the surgery is completed, the team can count every item to make sure nothing has been left in the patient. *Motion-step poka-yokes* are useful in processes where one error-prone step must be completed correctly before the next step can take place. A simple example is the start button on the x-ray machine. The button is outside the exposure area so that technicians cannot take the x-ray until they leave the room and are protected.

All poka-yokes should be simple, easy to use, and inexpensive. Something can go wrong at any point in service delivery, and the poka-yoke method encourages managers to think first about what might go wrong.

Process Strategies

Process strategies for finding service failures monitor the delivery while it is taking place. The idea is to design mechanisms into the delivery system that will catch and fix problems before they affect the quality of the healthcare experience; blood pressure and heart monitors are examples of such mechanisms. The advantage of process controls is that they can catch errors as they happen, enabling immediate correction.

Process performance standards provide employees with objective measures with which to monitor their own performance while they are doing their job. One example is specifying how long a patient has to wait in the emergency department before receiving attention. Other illustrations include the number of times per hour that a nurse must check on an intensive care patient or the number of patients waiting for service before a cross-trained staff member steps in to reduce the waiting time at peak demand. These are all process-related measures that allow the staff to minimize errors or catch them while the healthcare experience is underway.

An important part of any process strategy is to get unhappy patients to complain during the healthcare experience. This is a more difficult challenge than one might think: Although some patients are comfortable with complaining, most are not. Most patients are either unwilling to take the time, believe no one cares or will do anything about their complaints, or are too angry or too disappointed to say anything.

Research on complaint behavior has identified strategies for encouraging patients to complain (Michel, Bowen, and Johnston 2008):

- *Solicit complaints.* Because many service failures are caused by provider errors, all personnel should be trained to solicit complaints about their own performance. This is not an easy task for providers, as they may see mistakes are punished while catching errors is rewarded, and most people do not want to admit their mistakes or feel criticized for them. Thus, the organization must design a complaint strategy that accommodates its staff's perception about complaints.
- *Read a patient's body language for clues on her dissatisfaction.* This observation can yield information that might otherwise go unmentioned. Frontline staff or direct caregivers should be trained to watch and recognize body language and to be receptive and sympathetic once the complaints are verbalized. Patients must perceive these employees as being interested and concerned about their well-being and opinions. Otherwise, patients will feel wary and will choose not to say anything.
- *Empower staff.* Provide employees with the freedom to address complaints and service failures on their own, as much as the organization's business strategy allows. Autonomy encourages staff to do what is right for the customer, and that prevents service failures from happening in the first place. For example, Ritz-Carlton authorizes front-desk personnel to credit unhappy customers up to $2,000 without asking approval from a supervisor.

Outcome Strategies

Outcome strategies identify service problems after they have occurred so that problems can be fixed and future problems can be prevented. The most basic outcome strategy is simply to ask the patient, "How is everything going today?" Other more systematic illustrations include (1) providing toll-free or 800 phone numbers for use by former patients who want to report their dissatisfaction and (2) asking patients to fill out a brief questionnaire when they pay their bills.

Organizations must make unequivocally clear to patients that they care to know about any service failures that patients have encountered. What influences a patient's decision to seek redress for a problem or to let it go is her perception of whether the organization will do something about it. Even patients who are reluctant to complain are more likely to do so if they think something will be done about the problem (Davidson 2007). Customers often do not want a payoff; they simply want a resolution, an apology, and the reassurance that the problem will not happen again to them or to others.

The more the organization depends on repeat business and recommendations from past patients through word-of-mouth reputation, the more critical it is that the complaints of its customers are acknowledged and acted on. Some healthcare organizations report their complaint investigations back to those patients who made the complaint in detail, including information on what people were affected and what systems were changed. In that way, the organization shows it is responsive to the patient's complaint and gives the complainant a sense of participation in the organization, which may positively enhance loyalty and increase repeat visits. If the complaint identifies a flaw the organization can correct, and if knowledge of the correction provides the patient with a sense of satisfaction for reporting a complaint that was important and acted on, a true win–win situation results.

Some numerical measures that organizations collect as a matter of normal procedure can point to real and potential service problems. Total staffing or nurse staffing per patient day is an example. Although it is used primarily to keep track of costs, staffing varies by department, floor, or shift. If one shift is significantly below the norm, this may indicate possible service problems.

Healthcare organizations should also collect meaningful measures of employee performance as it relates to service recovery. Positive reinforcement and incentives should be offered for solving problems, but this requires a good system for measuring customer satisfaction. Salary increases and promotions could then be linked to an employee's achievements in these areas. Likewise, there should be disincentives for poor handling of customer complaints.

On the positive side, organizations should spotlight employee successes in customer service using available media such as in-house publications, the intranet, and bulletin boards. Such success stories may also be shared during customer service or culture trainings. Rewards and recognition should flow to heroes in service recovery, including those who helped to develop systems for handling complaints or provided extraordinarily helpful treatment after a service failure (Michel, Bowen, and Johnston 2008).

Consumers in the healthcare industry are reluctant to complain because they fear they may receive lower service quality if and when the need for future care arises (Fottler et al. 2006). Fewer than half of the patients who have a negative experience with a hospital actively try to change the unsatisfactory situation. This suggests that written complaints only reflect a small portion of total complaints (Berry and Seltman 2008).

Employee-Driven Strategies

Employees, especially direct or frontline providers, should be trained to handle service failures and to creatively solve problems as they occur. Scenarios, game playing, videotaping, and role playing are good strategies for developing employees' service recovery skills. Just as umpires can be trained to recognize balls and strikes, healthcare personnel can be trained to recognize and fix service errors.

Do Something Quickly

The basic service recovery principle is to do something positive and to do it quickly. Strive for on-the-spot service recovery. Capturing the many benefits of quick recovery is one major reason benchmark service organizations empower their frontline employees to exercise discretion in correcting errors. Employees of one service organization carry a card on which the following three principles of service recovery are written:

1. Any employee who receives a customer complaint "owns" the complaint.
2. React quickly to correct the problem immediately. Follow up with a telephone call within 20 minutes to verify that the problem has been resolved to the customer's satisfaction. Do everything you possibly can to never lose a customer.
3. Every employee is empowered to resolve the problem and to prevent a repeat occurrence.

Many times, customers will log complaints with the nearest employee they can find, so organizations benefit from asking employees to attempt to capture the complaint as soon as possible. The physician or staff member who initially receives a complaint should complete a patient complaint form, and staff members who receive the complaint should immediately refer the patient to management personnel. Even if a manager is not immediately available, the staff member should complete the form and begin to take action because complaints must be captured as soon as possible.

Other suggestions for service recovery include the following (Grugal 2002):

- Ask patients the critical question, "What can I do to make this right?"
- Evaluate the complaint to identify significant dissatisfiers.
- Write down the specifics.
- Communicate and interact in a pleasant manner.

Management must empower employees with the necessary authority, responsibility, and incentives to act quickly after a problem occurs. The higher the cost of the problem to the patient in terms of money, personal reputation, or safety, the more vital it is for the organization to train the healthcare staff to recognize and deal with the service problem promptly, sympathetically, and effectively. Of course, empowering staff to resolve problems will not be sufficient if recovery mechanisms are not in place. If the rest of the system is in chaos, empowering the front line will not do much good.

A quick reaction to service problems has numerous benefits:

1. It reduces the overall expense of correcting a wrong.
2. It keeps and creates goodwill between the organization and patients and their family.
3. It generates positive word of mouth that could lead to repeat business or referral and recommendation.
4. It strengthens the message that customers are valued.
5. It encourages employees to commit to providing high-quality service consistently.

Address Root Problems

A necessary further step in any service recovery strategy is that employees should inform their managers about any system failures they encounter, even if they have already initiated successful recovery procedures. If they do not report the failure, the problem may recur elsewhere in the organization.

Collecting these data enables management to move beyond reacting to complaints and on to determining the root causes and preventing them from happening. Cause-and-effect diagrams might focus staff's attention on those areas that need the greatest improvements.

The reactions of frontline workers to service failures caused by the system have significant implications for customer satisfaction. The common reaction is simply to remove the obstacle or solve the problem and to continue patient care. But an empowered staff should also be offered incentives for removing the root cause of the problem to prevent future recurrences.

For example, a nurse may find that her newest patient was not served lunch. Assuming that it was an oversight, she might call food service and order the lunch for the patient. This might solve the immediate problem, but if the underlying cause was that admissions failed to advise food service of the new patient's arrival, the same problem will occur in the future because the root cause was not addressed.

The best service organizations encourage staff members to address both the immediate service failure (the symptom) and the root cause. This is facilitated by including problem resolution as an explicit part of the staff's jobs, allowing enough time to address the problem, encouraging communication between staff, dedicating proper attention to problems, and giving incentives/rewards to those who engage in this type of "extra" work.

Apologize and Let the Customer Vent

All healthcare personnel should be trained to apologize, ask the patients about the problem, and listen in a way that gives patients the opportunity to blow off steam. Considerable research indicates that allowing customers the opportunity to vent to someone with authority (e.g., manager, supervisor, vice president) is an important step in retaining their patronage (Heskett, Sasser, and Hart 1990).

This strategy is more effective when it is followed up with an acknowledgment, a thank you, and a tangible reward, even if it is small (Berry 2009). The tangible reward could take the form of a meal voucher at the hospital cafeteria, and the acknowledgment could take the form of an apology and thank you letter from the CEO.

Patients' Evaluation of the Recovery Efforts

Patients who have suffered a service failure and lodged a complaint want action. Procedural fairness refers to whether or not the patient believes organizational

procedures for listening to the patient's side and handling service problems are fair or merely a procedural hassle full of red tape. Customers also want an easy process for correcting problems. They think that if the organization failed them, it is only fair that the organization makes it easy for them to receive a just settlement.

Interactive fairness refers to the customer's feeling of being treated with respect and courtesy and being given the opportunity to express the complaint fully. If she has a complaint that the service provider is rude, indifferent, or uncaring, and the manager cannot be found, the customer will feel unfairly treated. Common sense suggests that a customer who is encouraged to complain, treated with respect and courtesy, and given a fair settlement is more likely to return than a customer who is given a fair settlement that is offered with reluctance and discourtesy.

Distributive fairness, or outcome fairness, is the third test patients apply to an organization's attempts to recover from problems. What did the organization actually give to the unhappy patient as compensation for the problem? If the patient complains about a rude housekeeper and gets only a sincere apology because that is all hospital policy calls for, the patient will feel unfairly treated; somehow "we're sorry" may not be enough in the patient's judgment to compensate for the rude treatment.

Once again, it all comes down to meeting the patient's expectations. The issue is difficult because each patient is different. Finding the satisfactory compensation may involve methodical trial and error on the organization's part. Some research indicates that customers feel more fairly treated when organizations offer a variety of options as compensation for service problems (Berry 2009; Tax and Brown 1998). For example, a physician can offer a patient the choice of an immediate appointment (if desired) or can offer to fill the patient's prescription for free.

In sum, investing time, money, staff, and effort into service recovery is just plain good business.

CHARACTERISTICS OF A GOOD RECOVERY STRATEGY

In their classic study, Hart, Heskett, and Sasser (1990) believe service recovery strategies should satisfy several criteria. More specifically, service recovery strategies should be as follows:

- Ensure that the problem is addressed in some positive way. Even if the situation is a total disaster, the recovery strategy should ensure that the patient's problem is addressed and, to the extent possible, fixed.
- Be communicated clearly to the employees charged with responding to patient dissatisfaction. Employees must know that the organization expects them to find and resolve patient problems as part of their jobs.
- Be easy for the patient to find and use. They should be flexible enough to accommodate the different types of problems and the different expectations that patients have.
- Always recognize that because the patient defines the quality of the service experience, the patient also defines its problems and the adequacy of the recovery strategies.

A strategy that does not make some improvement in the situation for the complaining patient is worse than useless because the organization makes it plain that it cannot or will not recover from a problem even when informed of it. The work of Hart, Heskett, and Sasser (1990) suggests that most recovery strategies are in serious need of improvement. More than half of organizational efforts they identified that respond to consumer complaints actually reinforce negative reactions to the service. In trying to make things better, organizations too often make them worse.

One reason that patients view many recovery strategies as inadequate is that the strategies do not really take into account all of the costs to the patient. Did the doctor miss an appointment? Schedule another one. Is there a busy signal on the telephone line for hospital information? Interject a recorded apology. The organization may think the relationship is back where it started, but for the patient many costs are associated with service problems, and effective organizations will try to identify them and include some recognition of them in selecting the appropriate service recovery. After all, the fact that the test results were not delivered by the promised date is not the patient's fault, so why should the patient have to suffer additional mental stress waiting for results? Why should the patient lose more work time as a result of a provider-cancelled appointment?

Patients clearly think that when a healthcare problem occurs, organizations need to do more than simply make it right by replacing it or doing it over again. The high numbers of malpractice suits substantiate that point. For example, if the excessively long wait beyond the appointed time causes the patient to miss half a day's salary, then the recovery strategy should include not only an apology but also some compensation for the patient's loss of income as well. Outstanding healthcare

organizations systematically consider how to compensate patients for economic and noneconomic losses and take extra effort to ensure that dissatisfied patients have not only their time and financial losses addressed in a recovery effort but also their ego and esteem needs.

Even when the patients themselves make mistakes, good healthcare organizations help to correct them with sensitivity. They make sure patients leave feeling good about their overall experience and appreciating how the organization's staff helped them redeem themselves. Imagine how depressed you would feel if you came back to the hospital parking lot after a long day of visiting a terminally ill family member only to find that you have lost your car keys and are locked out of your car. You tell the parking attendant, and half an hour later a locksmith hands you a new set of keys, no charge!

Even though car key problems are not its fault, a customer-oriented organization believes the customer needs to be wrong with dignity. It knows that customers who are angry at themselves may transfer some of that anger to the organization. To overcome this very human tendency, customer-focused organizations find ways to fix problems so that angry, frustrated people leave feeling good because a bad experience has not been allowed to overshadow or cancel out all the good. By providing this high level of customer service, the healthcare organization earns the gratitude and future patronage of patients and enhances its reputation when patients and their families tell external and internal customers' stories of these service successes.

Matching the Recovery Strategy to the Problem

The best recovery efforts are those that address the customer's problem. For example, suppose a patient tried to contact her physician by phone (as instructed) on a certain day and time, was put on hold, and ended up leaving a message asking the physician to return her call. If the return call was never made, a communications problem undoubtedly occurred, but the result for the patient is that the physician appears to be uncaring. An appropriate recovery effort might be to provide the patient with the physician's personal cell phone number.

Categorizing the severity and causes of service problems might be a useful way to show the type of recovery strategy a healthcare organization should select. In Exhibit 14.1, the vertical axis represents the severity of the problem, ranging from low to high, and the horizontal axis divides service problems into those caused by the organization and those caused by the patient. When severity is high and it is

Exhibit 14.1 Matching the Recovery Strategy to the Failure

		Organization	Patient
Severity of Failure	*Relatively Severe*	Red-carpet treatment and apology	Provide help to the extent possible and apologize
	Relatively Mild	Apologize and fix/replace/repeat	Apologize and extend sympathy

Cause of Failure

the organization's fault (e.g., when a service failure occurs that totally alienates the patient), the proper response is the red-carpet treatment. The organization needs to bend over backward to apologize, communicate empathy and caring, and address the patient's problem, because it will take an outstanding recovery effort to overcome the patient's negative feeling.

The two types of situations in Exhibit 14.1 where the patient caused the problem provide terrific opportunities for the organization to make patients feel positive about the experience, even though the patients caused the problem. In a low-severity situation, a sincere apology is sufficient and will make the patient think the organization is taking some of the responsibility for a situation that was clearly not its fault. Indeed, some organizations will do even more, if the cost to make a patient feel better is not substantial. Hospitals will often change meals if patients say they do not want them, even when the records show the meals were just what the patients ordered. The wrong meal may not be the hospital's fault, but the patient feels good that the organization will not make patients pay for their own mistakes.

The upper-right box represents situations where the problem is relatively severe and the patient or some external force created the problem. These are opportunities for the organization to be a hero and provide an unforgettable experience for the patient. For example, if the patient is late for an appointment because she got delayed in traffic and arrived when the physician is busy with the next patient, the receiving nurse can come out and promise that the physician will see the late patient next.

CONCLUSION

Service recovery rules can and should be developed for staff. For example, an employee should be given permission to spend a specific sum to correct a service problem. If the cost is beyond the limit an employee is allowed to spend, the staff member should contact her supervisor to discuss other alternatives or to seek approval for the expense. In this way, staff are empowered to fix the problem on their own without any bureaucratic delay that could cause an unhappy customer to defect.

In addition, staff should be trained on what to do and say to a patient in the event of a service failure. Employees must be told that they will not be criticized for "overserving" customers, that risk taking and innovative approaches to please customers are encouraged, and that service failures and recovery are monitored. The latter requires installing a system for collecting detailed information on customer dissatisfaction and defection. Gathering such information should involve frontline staff, as they are intimately familiar with the service problems that take place and thus can help the organization determine the root causes and prevent them from happening.

Learning from failures is more important than fixing problems. It is crucial to address the system and process problems that cause the failure in the first place.

Service Strategies

1. Realize that service-failure prevention is superior to and less costly than service-failure recovery.
2. Encourage patients to complain; a complaint is a gift.
3. Train and empower your staff to find and fix problems.
4. Train your staff to listen to dissatisfied customers with empathy, and then record the service problem and its resolution.
5. Find a solution the customer believes to be fair, and help patients fix service failures they caused.
6. Remember that unhappy patients tell twice as many people about their dissatisfaction than happy patients tell others about their excellent experience.
7. Find out and share with employees how much a dissatisfied patient costs the organization to illustrate the importance of service recovery.
8. Address the root causes of service failure.