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tutorials case studies

World-Class, Lean Performance Tutorials and Case Studies - Tutorial 07 IS CUSTOMER ALWAYS RIGHT AND SUPPLIER ALWAYS WRONG? OR VICE-VERSA?

The case of SAIV car hire (a missed "service recovery process")

The case

Whenever I need to hire a car I do that through Auto-Europe. Auto-Europe are excellent car hire brokers. Their web site is at www.autoeurope.com - they have also regional web sites (www.autoeurope.ie for Ireland people - www.autoeurope.co.za for South African people - etc.). They can supply cars for hire practically in any Country of this world at very, very good rates. The booking process is smooth and fast. In two minutes you choose and get your car, in 10 minutes you get a confirmation e-mail with your voucher. Really excellent guys, I can only recommend them!

So I hired my car for a trip to Italy last June. The car hire company selected by Auto Europe this time was SAIV Car Hire (I will call them SAIV). So, I grab my car in Rome Fiumicino Airport, do my trip, and after 10 days I am ready to return it.

Normally I do not go for fully comprehensive insurance, at least in Italy where it's just too expensive. But I am extremely careful with a hired car: I drive it as if it was mine, taking care not to park it in crowded parking places (or you may find some scratch....), I don't abuse it, I respect traffic rules, etc. Every day I check it all around to make sure the car has no damage whatsoever. In conclusion, I believe I am a very considerate driver.

So, before returning the hired car, I refuel it at the petrol station closest to Fiumicino airport (less than 1 Km from the airport parking entrance). What happens then is best described in the following e-mail I sent subsequently to Auto-Europe.

QUOTE: e-mail 26 June to Auto-Europe - Subject: Voucher N. XXXXXXXXXXXX - Customer's report

Gentlemen, Good Day.

I have used very satisfactorily your services a few times in the past 2 years.

I believe it's my duty to report what happened in the last occasion (the above Voucher N. and Saiv Contract N. YYYYYYYY refer).

I returned the hired car on the due date by the due time to Saiv at Fiumicino Airport.

During the hire period I have been (as usual) extremely careful to prevent any damage, even of minor nature.

During the return trip to Fiumicino airport I stopped 4 times (refuelling - breakfast - etc.).

My last stop was for final refuelling at a petrol station very close to the airport (500 m. away from entrance to car hire return area).

During the various stops, including this last stop, I did not notice any damage to the hired car. Upon entering the Saiv parking area, a Saiv officer came very soon with his hand-held check-out machine for the check-out operations.

He was very courteous and even indicated to me where to find a trolley for my luggage (generally, to find a trolley in that area is almost impossible).

It took me 30 seconds to grab the trolley. When I was back, my check-out bill was ready (attached for your reference).

To my surprise, there was a rather considerable as well as unexpected charge besides the one I expected (the Daily Road Licence Fee, which was clearly specified in your voucher).

The charge was for a horizontal scratch in the driver's side door, about 25 cm. long. So evident that even a blind would see it. The only thing I could say was ".....impossible, it was not there recently...."

The officer comments were something like "

...bad luck... you know, it happens.... that was a motorcycle...." and he hurried me up to sign the bill (other cars were being returned at that time). So, caught by surprise and reluctantly, I had to sign. Also because I wanted to grab my flight...

Obviously, I had a second thought on this incident, and I came to the only possible conclusion (when it was too late): since that scratch was not there when I refuelled (10 minutes before returning the car), the only possible as well as astonishing explanation was that the scratch was done there, in the SAIV Car Return area!

Why there?

because I would have definitely seen it (driver side) if it happened before: the scratch was the very typical one made with a screwdriver or key or similar object (a popular "hobby" in Italy...)

because the scratch was "fresh" (the door was a bit dirty because of rain - but not the scratch...)

because I was kindly directed to find a trolley (which I ran to grab as it could disappear in the meantime) by the check-out officer

because the bill was ready when I was back - the officer did not point my attention to that scratch before summing up the bill

because of the officer's comments, so "genuine", so "ready" ("a motorcycle....")

Astonishing? Maybe. Realistic? I don't know. I am not accusing anybody. I simply feel what happened was so weird and so "illogical" that I believe I should report it to you, the broker. After all, at Euro 175 for damages excess - and at Euro 35 for administrative expenses + VAT, this may be a nice sideline business to counterbalance low car hire rates.....

Obviously I am not sending this report to Saiv - it would be purposeless. However, your comments will be much appreciated.

Thanks, regards from a customer that has definitely learnt another 2 lessons (1. don't trust anybody - 2. check, double-check, triple-check, and don't hurry up).

**Carlo Scodanibbio
UNQUOTE**

Well, that's the story. I have been thinking of it while flying out of Italy and many times thereafter. I am still today confident I was right in my suspicions.

My credit card was promptly debited by Saiv.

And Auto-Europe? Good performance, I would say. This is what they replied to me (2 email):

QUOTE

EMAIL 1

Dear Mr. Scodanibbio,

Thank you for your recent email regarding your previous car rental reservation under voucher number XXXXXX.

Please note that we have opened a Customer Service file. A query will be sent to the supplier in regards to your claim. As soon as we receive their response, we will contact you directly via email. Please note that the suppliers response time to us is typically 15-20 business days.

If you should have any further questions or concerns regarding your customer service file, please do not hesitate to call or email us at any time.

We would like to thank you in advance for your patience and understanding.

EMAIL 2

Dear Mr. Scodanibbio,

We are diligently pursuing the supplier in regards to this issue. We would like to assure you that your customer service file is active. We are making every effort to settle this issue in a timely fashion.

Once we have received and documented a response from the supplier, you will be contacted via email immediately.

Thank you very much for your continued patience and understanding.

UNQUOTE

I have been waiting patiently, rather curious to see Saiv's answer. Eventually it came through Auto-Europe. But only on the 10th of September. Here it is:

QUOTE

Dear Mr. Scodanibbio,

Thank you for bringing your concerns to our attention. Please note that Saiv is maintaining their charges with regards to the damages to the car. I have attached the documentation that they have forwarded.

We make every effort to ensure that each client returns home with a pleasant car rental experience and are, therefore, disappointed that you did not receive the quality service that our clients both expect and deserve.

Your message has been forwarded to management to see what action can be taken locally to ensure this is not a continuing issue and is, regrettably, an isolated incident.

For future reference, please be advised that, as a Tour Operator, Auto Europe has contracts with a variety of suppliers all over the world (many Car Hire Companies listed). As such, we are not locked in to using one supplier, but can book you with an alternate supplier, if you feel that you would not wish to take another chance with Saiv.

One of the benefits of booking through Auto Europe is that we maintain a toll free telephone number (printed on the voucher) for calling from whichever country the rental originates in. We are here 24/7 to assist with all aspects of the rental. As a Tour Operator, we have contracts with a variety of suppliers all over the world, and can usually arrange to get the car category and specifications required, and act as a mediator between our clients and our suppliers.

Thank you for informing Auto Europe of your rental experience. It is only with such feedback that we are able to improve service and communication between Auto Europe, our suppliers, and our clients.

If you feel we have still not addressed all of the relevant issues, please do not hesitate to call or email us.

UNQUOTE

Well, do you want to know how SAIV answer came to Auto-Europe? That's really intriguing. Saiv sent a .pdf document containing:

the same check-out bill as above

a panel beater quotation to repair the damaged car - a quotation!

No comments, no messages, not one word, no dispute, no "...impossible, your customer allegations have no ground, how does he dare accusing our check-out personnel of intentionally causing malicious damage...". NOTHING. ZILCH. NADA.

How is that for customer care and service?

I was in Italy again when I received Auto-Europe final report - it was last September. I just wrote another email to Auto-Europe. Here it is:

QUOTE

**Thanks for your feed-back (finally....).
Worse than expected, and not surprising.**

If you recall my original complaint, I was quite clearly suggesting that the damage was intentionally caused by Saiv personnel. And what is Saiv's answer? The check-out bill - that I had already in my hands - and a quotation for repairs of the damage. Like to say: NO ANSWER AT ALL. Not even a simple "impossible, never ever could this damage have been made by our check-out personnel....".

This is another clear signal of how much SAIV Italy care for their customers: zero and below. If that is the case, I am more than ever convinced that what I only suggested in my original complaint now is a certainty. Obviously it's too late to do whatever, and it would be foolish to bring this issue any further.

But there are 2 things I can still do:

Never rent a car from Saiv again. I am actually renting one now in Italy, booked through your organisation, and I have specifically requested "NOT SAIV".

Make as bad publicity as possible to SAIV. Which I will do with the greatest of pleasure.

Actually, as a business consultant, I regularly publish in my web site case studies and tutorials on bad and good performance. This will be an excellent case study of bad performance. My case studies are at: www.scodanibbio.com/site/tut.html - I suggest you inform Saiv of my intention.

Thanks, I am regularly using your services and I am happy with Auto Europe. I suggest, for the benefit of your clients, you investigate this kind of issues a bit deeper.
UNQUOTE

Final Comments

Anything similar ever happened to you? Please let me know.

Am I right with my conclusions? Am I wrong? I don't know. All I know is that, were I the service supplier and would I have received a complaint of this sort, I would have turned the world inside-out to discover the truth and I would have personally acknowledged the customer complaint within 24 hours maximum and with assurances and guarantees that his case would have been dealt with urgently and attentively. And I would have called the customer by phone, me myself. Actually I would have done even more....

You know, there is a *lean* principle that suggests to aim always at customer's satisfaction, UNDER ALL CIRCUMSTANCES. In the service industry, things can go wrong for a number of reasons and in spite of trying hard to behave as lean as possible: a booking can be misplaced, a piece of luggage may get lost by an airline, food or service in a restaurant can be not as expected.... When such things happen, there is a magic lean approach that should be deployed, called **THE SERVICE RECOVERY PROCESS**. What does it target at? At transforming a dissatisfied customer into a very satisfied one. There is only ONE chance to do that, ONE ONLY - and it must be grabbed with utmost urgency in order to be effective. If the Service Recovery Process fails, bad news: there is a dissatisfied customer, possibly for life. Bad, bad news, in 2009!

Just imagine if Saiv would have said (soon, soon, as soon as possible): *"Dear Mr Scodanibbio, we understand your complaint and we are doing whatever possible to verify the substance of your concerns. You will receive our report within one week at the latest. In the meantime, please note the amount debited to your credit card has been reversed. Apologies, please rest reassured, blah, blah, blah...."*. After all, what the heck is Euro 210 compared to possible bad publicity from a dissatisfied customer? This is exactly what I would have done if I was the supplier. This is exactly what I would do if a participant in one of my training courses would write to me stating that my training event was no good, that he was not happy with it, that all I preached was nonsense, and so on..... I would definitely do an immediate, full refund of course fees plus something more (I have to think of what more, since a situation of this kind never happened to me....). Got the point?

Well, this was the SAIV story. The name has been changed, the check-out bill has been modified - for obvious reasons. The story remain.

If you or your friends have experienced similar stories, please let me know. It will be interesting to create a web database of these episodes, for the benefit of other customers and for good education of suppliers. You may also comment on this story by email, if your conclusions differ from mine. I will be glad to acknowledge all of them.

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