

# AMERICAN BANKER

On Focus and In Depth

BANKTHINK

## Mistakes Happen, But Good Recoveries Are Rarer

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By Theodore A. Rosen

On June 2, 2010, baseball history was made. Armando Galarraga, pitching for the Detroit Tigers, handled 26 consecutive batters without any reaching first base. He was about to do what only 20 pitchers in the history of baseball have ever done: pitch a perfect game. The 27th batter hit a grounder that was fielded and tossed to Galarraga covering first base. The runner was clearly out, as the videotape painfully revealed through thousands of airings. Jim Joyce, a veteran and highly respected umpire, called the runner safe, depriving the pitcher of his place in history.

This was truly a life-changing event. Not only would the pitcher have joined one of the most exclusive clubs in the history of the world, but his market value and, hence, income potential would have been instantly aggrandized. It could easily have been a \$10 million mistake.

Instead of bitterly denouncing the call, Galarraga took the highest of high roads and publicly and extraordinarily graciously forgave Joyce and expressed no hard feelings. It was a remarkable display of forbearance and forgiveness.

Joyce, for his part, was almost in tears when he apologized publicly to Galarraga in a televised interview and implied that this mistake almost obliterated a stellar career spanning 22 years in the major leagues.

The long and short of it is that everyone associated with this egregious mistake demonstrated the grace and humanity that people can muster, even when they have ample reason to act otherwise.

So where's the connection to banking? Banks, like all businesses, make mistakes. As a customer and a consultant and service provider to banks, I have observed that many banks do a generally poor job recovering from mistakes.

People who have been victimized by banks or any other businesses are generally looking for three things in the wake of the mistake: acknowledgment (a straightforward and unambiguous admission that a mistake was made), a sincere apology and taking or, at least, offering action to make it right (crediting fees if incurred, reprinting checks, etc.). For many, doing an exemplary job with the apology eliminates the need for any further action.

So why don't all banks and bankers deliver these obvious remedies?

Several reasons. For most banks, it is their least-educated, least-skilled and lowest-paid people who represent the front line for these customer interactions. Like anything else, handling aggrieved customers is a skill set that can be enhanced through training and coaching.

Having clearly defined guidelines that are memorialized in procedure manuals that are regularly reviewed by staff is important as well.

When the goals and objectives of the bank are the same as those of the staff, alignment occurs. Very few banks that I have encountered have really succeeded in this regard. Alignment requires clear, measurable and realistic goals, measuring performance against those goals and rewarding performance against those goals. Without this kind of alignment you have people in the organization pursuing their own agendas that, in many cases, do not reflect the values of the bank.

The fact is that an upset customer can be a wonderful opportunity for a bank to build and cement a healthy working relationship.

Even if the customer left the bank, if handled adeptly these situations can be great opportunities to recover a customer as well as reputation in the community.

Unless your bank has no humans in the work force, it's a good bet that mistakes are going to be made.

While you shouldn't diminish your efforts to eradicate mistakes, it's critically important to develop and implement a plan to

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give your people, especially those on the front line, the tools to defuse angry feelings, turn mistakes into opportunities to shine and rebuild relationships that have gone sour.

Armando Galarraga had every reason to resent, rebuke and recriminate against the man who stole his perfect game. His behavior and that of Jim Joyce will serve as a model for years to come for turning a terrible blunder into an opportunity for grace and professionalism.

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