

Make Mistakes Right

Five Ways to Improve Your Organization When You Blow It

Michael Houlihan and Bonnie Harvey

Confessing to customers is good for business! This five-step process not only solves problems but also heightens customer-supplier relationships.

Sometimes it seems our society has turned dodging responsibility into an art form. Denying that we messed up is almost a cultural imperative—from celebrities who insist that a brush with the law was all a big misunderstanding to political figures who use spin and double-speak to blame everything on the other side. Buying into this mindset can be tempting for those charged with making quality the absolute best it can be. After all, customers are paying us to get it right, so the last thing we want is for them to know that we've made a mistake. Right?

Wrong! When we admit to mistakes in a constructive way—whether they're shortfalls in product quality, process screw-ups, or customer service gaffes—we probably won't damage our brand in the way we feared. On the contrary, we have a valuable opportunity to improve our company and gain the respect and loyalty of our customers.

We are not judged by how well we do when we're good but by how well we do when we're bad. Mistakes are the fires that test the mettle of individuals and companies alike. We all make them. Denying that a mistake happened usually exacerbates and magnifies an already awkward situation because chances are we aren't fooling anyone, and we appear insincere. In a very real way, trying to dodge responsibility can hurt our reputation more than simply owning up to the mistake in the first place.

We speak from experience. When we started our company in the laundry room of a rented Sonoma County farmhouse, we knew almost nothing about winemaking or the wine business. We made many, many, many mistakes! Over the years, however, we managed not only to survive but to thrive. In fact, our Barefoot brand transformed the image of American wine from staid and unimaginative to fun, lighthearted, and hip.

Our point is not to boast about our company's accomplishments but to show how mistakes don't have to bring you down. When we approach them the correct way, confronting mistakes head on and viewing them as opportunities to grow and learn, they can actually become building blocks to better quality and service and a better public image.

We have found that honestly and humbly admitting to missteps often diffuses a tense situation instead of aggravating it. As time passes, people tend to forget the details of a mistake, instead remembering how it was handled.

Five Steps for Dealing With Customer Problems

The next time a faulty product ships, a deadline is missed, a critical shipment to a customer fails to arrive on time, or any one of the endless array of possible foul-ups occur, follow the five critical steps described below:

- *Admit that you blew it.* Copping to the fact that the company did something wrong is not fun. Uttering that *mea culpa* involves swallowing our pride and acknowledging that we are not, in fact, perfect (which is an illusion that our culture encourages us to cultivate zealously). There is always the chance that we'll have to have an uncomfortable conversation with our customer. The sooner we admit to the error, the more we reduce the drama and the faster we can move on to the next, more important stage—what we are going to do about the situation.

Believe it or not, people actually like a little imperfection now and then. It demonstrates a level of authenticity, vulnerability, and humanity with which we all can identify. Plus, it's harder to be angry with someone who says, "You're right; I messed up," than with someone who insists the fault doesn't lie with him/her even though it does. It's difficult—if not downright impossible—to make any constructive progress if the responsible party refuses to admit there's a problem.

- *Trace the mistake back to its origins.* If we admit fault but then put the incident behind us we've just increased the chances that it will happen again. It's critical to investigate how and why an error occurred so that we can fix the faulty procedure or process. That's why our company ensured that employees weren't afraid to make or report technical errors. By creating a mistake-friendly culture, we set the stage for continual self-examination and improvement.

Basically, our approach to mistakes was to say, "Congratulations! You found a new way to screw up, and that's a good thing. We didn't know that this could happen, but now that it has, we can keep it from happening again." Then we would brainstorm what went wrong and make technical adjustments. In our opinion, large, siloed organizations where employees can be demoted, passed over, or even fired for a mistake are missing the boat. Real growth in progressive companies is often built on the backs of mistakes and the improvements they spark.

- *Aim, don't blame.* What happens when a mistake involving the company really can be traced to someone else? It's easy (and temporarily satisfying) to point the finger and say, "Not my fault!" The truth is, if it happened on my watch and I am accountable for the finished product, I ultimately share the blame in the customer's eyes. In this situation, get to the bottom of what happened and aim the focus on what can be done to prevent the situation from recurring.

This lesson was driven home during a business trip to Chicago. We were scheduled to show some new wines to retailers, and the samples were shipped to the hotel; however, when the package arrived, the hotel staff didn't check the reservation list—checking only current occupants. So the samples were sent back.

Was the lack of samples our fault? Technically, no. To our buyers, however, that didn't matter. They had counted on us to deliver the samples, which weren't available when scheduled for presentation. From the buyer's perspective, that was the end of the story.

From that point, we worked to make sure that every package would be received as intended. After

some trial and error, every box of wine ultimately was decorated on all six sides with instructions to the hotel staff, including details of the recipient's arrival. We also included our contact information and notified the hotel manager of the shipment. Overkill? Not really. The problem was solved.

- *Get it in writing.* When we successfully resolved a negative situation sparked by an error, we didn't rub our hands together and continue with business as usual as if to say, "Yes, it happened, but it's all cleaned up now." That would be mistake number two. If we didn't write down what happened and how to avoid it, we were in danger of making the same mistake again.

When we are still reeling from a fiasco, it's easy to assume that we always will remember what we did wrong. In that moment, we believe it will never happen a second time. Human beings can have amazingly short memories. As life goes on and our focus inevitably shifts to other things, it's all too easy to forget the mistake we made. We might fall back into old habits unconsciously.

Of course, we couldn't pass our experiences on to everyone else in the company through osmosis. That's why it was crucial to take the lessons we learned and integrate them into our company's policies. This might mean writing a new procedure, checklist, or sign-off sheet or drafting a new clause in a contract. Whatever we did, we wrote it down!

- *Spell out the solution to the wronged customer.* Along with an apology, assure the injured parties that it—whatever "it" was—won't happen again. Describe how the mistake happened and what changes are being implemented to prevent recurrence. Most importantly, tell the customer how the company is going to make things right. Most people will appreciate the thoughtfulness, resolve, and the action taken. Often, handling an error in this way will reinforce the fact that we are, ultimately, a trustworthy company.

Once our company put a 750 ml bar code on a store's shipment of 1.5 liter bottles, which meant that the wine rang up for less than it should have. In this instance, we caught the mistake, not the customer. As soon as possible, we showed up at the store's corporate office with a check for the

store's loss plus the time and expense of dealing with the mistake. We described in detail to the manager how we were changing our internal processes to make sure that the bar code problem would never happen again. We were thanked for doing the right thing, and this retailer didn't stop ordering from us.

Summary

We will make mistakes whether our company is new or well established. We shouldn't waste time and energy beating ourselves up, and we shouldn't try to create the illusion that we're perfect.

Remember, what people recall most is how missteps and errors are handled. We shouldn't miss out on these golden opportunities to show our integrity, reduce the drama, and improve the way our business operates. That is how to make mistakes right.



Michael Houlihan



Bonnie Harvey

Michael Houlihan and Bonnie Harvey, authors of The Barefoot Spirit: How Hardship, Hustle, and Heart Built a Bestselling Wine, started the Barefoot Wine brand in their laundry room in 1986, made it a nationwide bestseller, and later sold the brand. They employed innovative ideas to overcome obstacles and create new markets. They held a comprehensive view of customer service, resulting in the National Hot Brand Award for outstanding sales growth in 2003 and 2004. They now share their experience and innovative approach to business as consultants. To learn more, visit thebarefootspirit.com.