



A HOTEL that gave a money-back guarantee on its service received a strange complaint of a guest being disturbed by flashing lights - presumably a UFO - outside his window. Apart from such instances, the hotel has seen a seven-fold return on the guarantee, which had started with a simple idea.

Alienate creativity at your own cost

By The Nation
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Two case studies illustrate how an idea nurtured well can make all the difference

Dear friends, the question of how creativity can help a business during political and social turbulence maybe cropping up in our minds of late.

This question reminds me of the two business case - one that resulted in success while the other did not. So, which one shall we start with? The unsuccessful one? Sure.

During the economic downturn, a company in the entertainment business could not get any new subscribers. Why? Because there was a perception that customers might lose their jobs making them wary of any unnecessary expenses and drove them to save up ... just in case.

One employee of that company came up with a creative idea of offering a "job-lose guarantee", that is, if the

customer loses their job after subscribing to the service, the service fee would be refunded. This was to serve the objective of reducing perceived risk.

We can all imagine what reaction the boss had to that creative idea. "It's impossible. We won't find a single insurance company which will offer such a guarantee."

The idea met an early death.

You would wonder what happened then. The company kept losing its subscriber base.

What happened afterward? An insurer launched a new policy that would insure one against job loss.

What if the boss had helped explore the creative idea further? The company could have utilised its marketing budget and furthered an alliance with that insurance company and offered a new promotional package to its potential customers.

Now, let's talk about the case that met with success.

In a similar situation, a creative idea was floated that entailed a hotel offering a 100-per-cent satisfaction guarantee. If the customers were not fully satisfied with the service, they would not be expected to pay. What a weird crazy idea!

Let's see what feedback the boss gave. "Let's explore how we can ensure that our service will not result in dissatisfaction."

They came up with an idea of a pot of money that would be shared among all staff equally, irrespective of position or division, at the end of the promotional period. However, during that period, if customers were not satisfied, hence were not required to pay up, that money would be paid to

the hotel instead. And a creative idea was successfully nurtured.

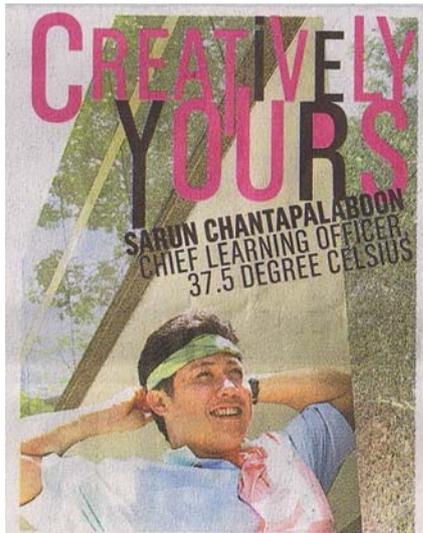
What happened then? The hotel tested that concept in a small, limited market. It drew in guests, empowered employees - from the president down to the housekeeper - to refund a guest's money if he or she was not completely satisfied with the service.

What was the result? Some customers did not pay but the profit from the incremental guests exceeded the incremental cost from the dissatisfied ones.

So, what did we find? The results of the study suggest that the service guarantee could reduce consumer's perceived risks and increase positive word-of-mouth publicity and loyalty. The hotel created a whole new segment in the lodging industry and has reached the 1,000-property mark in record time by establishing and maintaining high standards that they attribute to excellent franchisee relations. They are launching more than 100 hotel openings a year on an average - more properties than the total size of most hotel chains.

The payback from this programme has been enormous. Compared to the more than US\$6 million (Bt207.52 million) in free rooms they have given away over the past decade due to the guarantee, they have been able garner more than \$41 million in repeat business, about seven times the perceived loss. But more than just dollars and cents, they have converted unhappy customers into satisfied guests who are now loyal to the hotel's brand.

Although above cases are both about guarantees, that itself is not the point. It is about the difference between how raw creative ideas are either killed or nurtured. I hope we all choose the second option.



Sarun Chantapalaboon is the chief learning officer at 37.5 Degree Celsius. E-mail him at A.Sarun@375c.com or call him on (089) 5009289. You can also visit the company website at www.375c.com.

Tales of a hotel, a UFO and a cow in discomfort

Would you like some anecdotes from the hotel case study?

"Guests have invoked the guarantee for a variety of reasons ranging from a UFO encounter to rough toilet paper, over the past 10 years.

In the UFO incident, the front-desk clerk was alerted that a guest had been awakened in the middle of the night by a series of flashing lights outside his window. The guest alleged the lights had come from a UFO. Though no other guests had complained of the incident, the hotel reimbursed the unhappy traveller. "Though we receive some strange invocations of the guarantee, we find very little abuse of it," a hotel official said. Guest inconveniences caused by occasional power outages or breakdowns in equipment are the most common reasons cited.

A case in point of employee empowerment is the story of a noisy cow left in its trailer in the parking lot of the hotel. When news of a constant "mooing" reached an employee, he became determined to fix the problem. The employee discovered the cow's owner had posted a "Do not disturb" sign on his room door. The employee, who had been raised on a farm, checked further and found that the cow had not been milked (a likely cause of discomfort for the cow). The employee took the initiative to milk the cow himself and in the end, helped all guests that evening (including the cow) get peaceful rest.

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