What Bankers Can Learn from Baseball's Biggest Blunder

by
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On June 2, 2010, baseball history was made. Armando Galarraga, pitching for the Detroit Tigers, handled twenty six consecutive batters without any of them reaching first. He was about to do what only twenty pitchers in the history of baseball have ever done: pitch a perfect game. The 27th batter hit a grounder which was fielded and tossed to Galarraga covering first base. Although 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.

Notwithstanding the dimension and consequences of this mother of all blunders, the most amazing series of actions then ensued. Instead of Galarraga bitterly denouncing the call, he took the highest of high roads and publicly and extraordinarily graciously forgave Jim Joyce and expressed no hard feelings. It was a truly remarkable display of forbearance and forgiveness. The next day, Jim Joyce was behind the plate and Galarraga's coach sent him to hand him the lineup card. The two of them warmly shook hands. Jim 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 shining career spanning 22 years in the majors.

The long and short of it is that everyone associated with this terrible mistake, Armando Galarraga, Jim Joyce, the coaches, and even the commissioner, helped turn this tragic mistake into an illustration of 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. The fact is that banks make more mistakes, not because they are sloppy or incompetent (although some might be), but primarily because, as a very transaction-intensive enterprise, there are far more opportunities for making mistakes. Take, for example, the typical small- to mid-size business owner. He or she might have a brokerage account with an investment advisor. There could be a dozen or two transactions a year. Their business banking account(s), by contrast, are likely to have thousands of transactions each year, creating a much more fertile environment for mistakes.

As both a bank customer and a consultant and service provider to banks, I have observed a generally poor job that banks do in recovering from mistakes. As we have counseled our bank clients, people who have been victimized by banks or any other businesses are generally looking for three things in the wake of the mistake:

1. **Acknowledgment**. A straightforward and unambiguous admission that a mistake was made, in other words "we screwed up". Even more effective is taking personal responsibility (assuming that it applies) for the mistake. The two responses that elicit the greatest anger and resentment are "We never make mistakes" and "Headquarters dropped the ball". The latter response really undermines both the institution and the integrity of the speaker.

2. **A sincere and genuine apology**. Sometimes, all the offended party needs to hear is "We made a mistake and we are truly sorry". Even the most egregiously injured customer would have a hard time staying mad when such an honest and non-defensive position is articulated.

3. **Making it right**. If the customer suffered any economic consequence of the mistake (overdraft charge, maintenance fee, etc.) offering to fix it (waiving or refunding the fee) is the last ingredient needed to defuse the situation. For many, doing an exemplary job with #2 above obviates the need for #3.

It's important to point out here that there is a small percentage of customers for whom no amount of contrition or attempts at making amends will ever satisfy them. These folks revel in their ability to be difficult.

So why don't all banks and bankers flawlessly execute these obvious remedies? Several reasons:

1. **Raw material**. For most banks, it is their least-educated, least-skilled and lowest-paid people who represent the "first line of defense" for these customer interactions.

2. **Training**. Like anything else, handling angry or aggrieved customers is a skill set that can be enhanced through training and coaching. Having clearly defined guidelines for what to do when and having these memorialized in procedure manuals that are regularly reviewed by staff is important as well.

3. **Alignment**. 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. While mending customer relationships warrants a dedicated article on this subject, the bare bones approach that works must include:

a. Establishing clear, measurable and realistic goals
b. Measuring performance against those goals
c. Rewarding performance against those goals

Without this kind of alignment you have people in the organization pursuing their own agendas that, in all likelihood, do not reflect the values of the Bank.

The fact is that an angry customer can represent a wonderful opportunity for a bank to build and cement a healthy working relationship. If you can handle your customer adroitly in a professional manner, you can not only preserve the relationship, but also have an advocate in the community.

Our firm gets to interact with unhappy bank customers all the time and, consequently, we get to hear, up close and personal, their peeves, gripes and bellyaches. Our primary business is making appointments for small business, middle market and commercial bankers to meet with owners and CFOs to consider a new banking relationship. We often encounter former customers who left the bank in anger. Ironically, the bank often has no clue as to what transpired and why they left.

If handled adeptly, these situations can be great opportunities to recover both a customer as well as reputation in the community. We report these situations to the bank immediately, and have found that, when a bank quickly responds and follows the aforementioned prescription, there is a reasonable chance that the customer will come back. At the very least, they are impressed by the Bank's genuine and timely response.

Unless your bank has no humans in the workforce, it's a good bet that mistakes are going to be made. While you shouldn't diminish your efforts to eradicate them completely, it's critically important to develop and implement a plan to 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's will serve as a model for years to come for turning a terrible blunder into an opportunity for grace and professionalism. We know that your bank will have such opportunities. It's what you do with them "when the rubber meets the road" that will prove its mettle and place in the great competitive arena.