

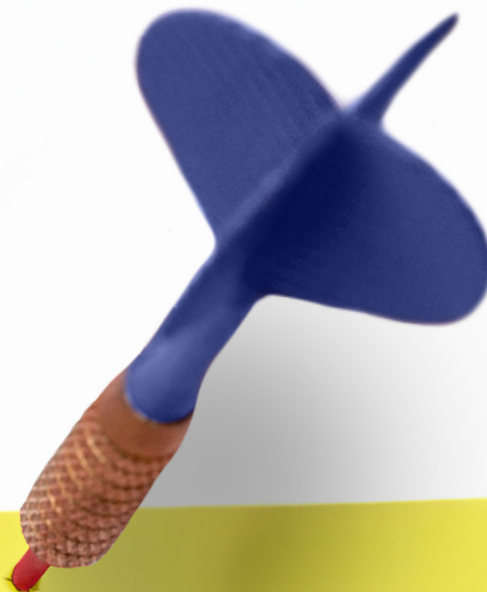
RESET

FROM THE CUTTING-ROOM FLOOR:
EXCERPT ON "CLOSING THE LOOP"



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NOTE FROM DAN

In writing *Reset*, I used some agile principles (as discussed in chapter 11), especially the idea of repeated iterations. The published version of the book was the 6th iteration of the manuscript (not including the subsequent drafts during the copyediting cycle). After each version, I'd get some feedback from readers and then adjust the next draft accordingly.

What you're about to read was one of the most popular parts of one of those drafts. Sadly, though, I thought the point made in this passage was tangential to the main flow of the chapter. So I cut it. (Sometimes you've gotta kill your darlings.) Thankfully it can live on here, with you!

For context, this would have fit in chapter 11 after the discussion of the way the 49ers used HappyOrNot machines to gather more feedback from fans... Enjoy!

EXCERPT

Here's a subtle thing to observe about the 49ers' system: When a fan gives feedback, it's a largely selfless act. Say you're a 49ers fan who's just bought a \$10 hot dog. You discover there's no mustard. Perturbed, you smash the frowny-face button.

No one instantly teleports to your spot to apologize and hand-spoon some Grey Poupon on your dog. You made the system better by flagging a problem. But it didn't help you at all! It just aided fans who bought hot dogs 10 minutes later with a replenished mustard supply.

In an ideal world, you'd get some appreciation for that. You performed free labor, in essence. The team should text you, "Sorry we ran out of mustard. We got it fixed, thanks to you." That would provide some quick recognition. (Giving the fan a moment to, um, relish.)

Let's call that "closing the loop": replying to someone's feedback with a tailored response. Closing the loop means directly addressing a customer's feedback. To apologize for a problem. To say thanks for a compliment. Or to explain what was (or what was not) done with a suggestion. (And, no, an automated 'thanks for the reply' note does not count as closing the loop.)

It's shocking how rare this simple gesture is. A lot of companies have solicited your comments over the last year. Airlines, retailers, apps, restaurants, home repair services, etc. You probably obliged many times. In how many cases did a human being acknowledge your specific comments?

But before we get too self-righteous, we should ask whether we're falling in the very same trap ourselves. Does your business close the loop with feedback givers?

In your personal life, if you asked and took someone's advice, did you report back on how things went?

It's not natural to close the loop, it seems. Nor is it costless. But there are three important reasons to make the investment. The first is that it can pay for itself. The managers of Apple stores, for instance, survey NPS comments every day. If a customer gives the store a score of 6 or less out of 10—a "detractor," in NPS parlance—then the store manager calls them within 24 hours. Apple wants to close the loop.

The result? Customers feel heard. Issues are resolved. Feathers are unruffled. And the data shows that detractors end up spending more money with Apple in the future than they would have in the absence of the calls. In hard numbers: Every hour spent calling detractors generates \$1,000 in revenue over the baseline.

Which brings us to the second reason to close the loop: Because most businesses are built on relationships, and failing to close the loop degrades them. Remember Ryan Davidsen, the guy from chapter 2 who bought the truck and was hounded? In his work in software companies, he has witnessed the way companies can neglect feedback.

"You'll commonly see [customers] saying, 'This is the same feedback I've given you again and again and again!' he said. "And that frustration that comes from giving someone feedback and not hearing anything back is actually going to hurt you in the long run. ... The first step is really simple: You have to respond! You have to acknowledge that someone is taking time out of their day to give you feedback on your product or service."

To me, a particularly egregious example of this neglect comes in the area of employee engagement surveys. HR leaders, in particular, seem addicted to the periodic "scores" that emerge from these surveys. Our engagement scores are up 5%! Great!

But this seems wrongheaded. Aren't we just aggregating something that needs to stay disaggregated? As an analogy, imagine circulating a "family engagement survey." You'd tally up the scores and get a Family Average.

Clearly, that's ridiculous. Leaving aside the absurdity of the survey itself, there's no value in knowing the mean. If your wife is not happy with you, you've got a problem. Period. It's irrelevant if your kids have higher scores that serve to tug the average higher. *Honey, I know you think you're mad at me, but actually, overall, things are quite good in the family! So that settles that, then!*

And that's my beef with engagement surveys. Employers should have relationships with their employees. If you don't have a solid sense about whether individual people are thriving or not in your organization, then that's a bleak comment on the quality of your managers.

If you must communicate with your employees via an impersonal survey platform—if you absolutely must—then at least reply to their responses! If you don't have the bandwidth to reply, then why collect the data at all? (If you don't have the bandwidth to reply, you surely won't have the bandwidth to solve the problems you surfaced.)

One barrier to closing the loop in many organizations is that the people reading the responses aren't the people who could act. As one CEO told me, "There's often no connection between the feedback input and the part of the organization that's responsible for making it better."

And your customers can feel this: A Microsoft study found that 53% of shoppers believe their feedback doesn't go to anyone who can actually act on it. (I think the other 47% are awfully optimistic.)

I once worked with a charitable organization where most of the donors give an ongoing, fixed monthly donation. If they discontinue their "subscription," they're asked to complete a survey. The organization understandably wants to know why they're discontinuing their support.

One choice the donors can select is, "I want to support [the organization] in another

way.” If they select that option, they’re asked “How would you like to support us?” A text box invites a comment.

I read dozens of the responses to this prompt. Many of the lapsed donors were saying, basically, “I still love you. Just can’t swing it every month. But hit me up for your annual campaign!”

I asked the survey team what they did with these responses.

Crickets.

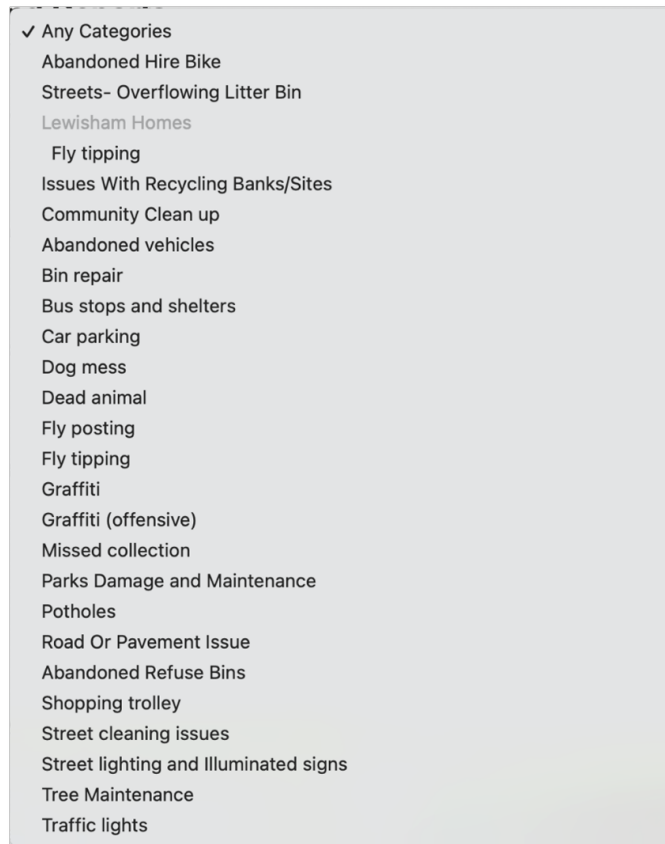
Donors were literally volunteering money to them. But there was no “process” for handling it. The organization had built a well-oiled machine for handling the primary month-to-month donors. There was no comparable machine for accommodating a once-a-year appeal.

Now, to be fair, strategy requires focus. Prioritization. Maybe it wouldn’t be a good use of time to, um, take these people up on their offer of free money. That’s possible! *But then why ask them for their comments if you do not intend to engage with them?*

Closing the loop delivers business value and it prevents relationships from degrading. But there’s a third benefit, too. It’s almost a diagnostic benefit. When you’re closing the loop, it confirms that your organization is circulating data correctly. The plumbing is right.

Consider LoveCleanStreets, an app that’s used by many cities in the UK. It provides an efficient way for citizens to report problems. It’s simple to use. As a citizen, if you spot something awry, you can just take a picture with the app. It automatically logs your location.

Then you enter some basic information, such as the nature of the problem you’re flagging. Here’s the pull-down menu you see:



Btw, “fly tipping” is British for illegal dumping of waste.)

Once you’ve entered the basics, the app delivers your comment to the appropriate group. Which is no trivial feat, by the way—three different problems on the same road might go to three different agencies. Potholes go to one group, lighting issues to another, and trash problems to a third. The citizen doesn’t need to understand these distinctions. The app handles it.

Then—and here is the real magic—once the problem has been addressed, the app closes the loop with you. The photo below, showing an alley covered with trash, was submitted by a citizen:



After the city got it cleaned up, the app notified the citizen. The notification included this photo:



Imagine how good you'd feel about your municipality to be treated like this! Receiving tangible, visible evidence that your voice matters. That's what closing the loop can do.

In one borough of London that had adopted the app, there was a particular local politician who was skeptical about it. After some goading, the politician tried out the app, using it to flag some graffiti on a bus stop. About an hour later, he received a "closed" notification from the app.

Incensed, he fired off an email: Why has my report been rejected?? The email got hot-potatoed to Helen Taylor, who helps to manage the app, to deal with. "He got really stroppy about it," said Taylor. ("Stroppy" = British for "acting like an a**hole")

"I went back and said, 'It hasn't been rejected. It's been actioned,'" said Taylor. Meaning the graffiti had already been addressed, in less than an hour. There was a picture of the freshly cleaned bus stop waiting in the app. The politician was rendered (briefly) speechless.

Closing the loop doesn't just honor the people giving you feedback, though that's reason enough to do it. It's also de facto proof that data is flowing efficiently. It's circulating.