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January 17, 2007

Mr. Donald Romano  
President  
Mazda Canada Inc.  
55 Vogell Road  
Richmond Hill ON L4B 3K5

BY REGISTERED MAIL

Dear Mr. Romano,

**Re: Product Defects, Customer Relations, and An Interesting New Challenge**

This is further to my letter to you dated December 7, 2006. A copy of my letter is available from Ryan Ortiz, your Customer Relations Coordinator.

I'm sorry that Mazda Canada has chosen not to participate in resolving my issue with the water pump. Nevertheless, I want to make you aware of the following, and then challenge you to participate in what I think could be a very interesting collaboration.

1. The Phone Call

On December 18, 2006 I had a phone conversation initiated by Ryan. I understand this conversation was recorded. If you listen to the recording you will hear Ryan tell me:

- You had not in fact seen my letter of December 7, 2006.
- You might see it some time in the future when you do your periodic review of customers' correspondence.
- He was not executing instructions from you, but was in fact conveying a message to me as directed by someone else in the organization.

You will also hear Ryan inform me that a letter will be forthcoming confirming the corporate decision he was delivering verbally.

2. Ryan Ortiz' Letter

On December 22 I received a letter from Ryan, dated December 18, 2006, the same day as our telephone conversation.

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In his letter Ryan states, “Mr. Don Romano, President of Mazda Canada Inc., would like to thank you for sharing your concerns with us, and has requested our Customer Relations team to assess the situation.”

As you will note, this is quite different from what Ryan told me over the phone that very day.

In the world of ‘customer relations from the customer perspective’, this is known as ‘the run-around.’ In other contexts this is also known as ‘mendacity’ or ‘disingenuousness’.

Clearly Mazda Canada is experiencing challenges with responsibility for product defects, and related customer relations practices. To these challenges we can now add a challenge with truthfulness.

The letter then goes on to site the lamest of all possible excuses, namely the ‘New Vehicle Limited Warranty’ excuse, for not accommodating my ‘monetary request in this matter’. Choosing to invoke this excuse, rather than capitalize on a golden customer relations opportunity, is in itself remarkable. Following language regarding Mazda Canada’s commitment to fulfilling its responsibilities under the warranty program does not address my issue because the status of the warranty was never at issue. The issue was a defective part, and the ‘monetary request’ was in fact a proposal to cost-share in its replacement.

Finally, the concluding paragraph regarding Mazda Canada’s looking forward to ‘future opportunities of serving (me) as a valued Mazda customer’ is hollow to the point of insulting.

### 3. Saving Your Bacon, In Spite of Your Customer Relations Team

Fortunately for you, St. Catharines Mazda has stepped up to save your bacon. On the same day that Ryan’s letter arrived I received a call from Cheryle Slattery. I can report that St. Catharines Mazda has offered a resolution to this issue that I am pleased to accept. I appreciate their effort, their interest in maintaining our business relationship, and frankly, their common sense in seeing our mutual interest in resolving this issue.

Unfortunately, your own Customer Relations team is making significant in-roads in undermining good customer relations *in spite of the best efforts of one of your dealers.*

4. An Interesting Business Case: The ‘Tipping Point’ Between Good Customer Relations and Customer Replacement: 140 Dollars *or less!*

Your Customer Relations team has clearly analyzed the relative cost of good customer relations, and the cost of finding replacement customers. As we all know, by way of this analysis it is possible to identify the point at which it is preferable to let the customer walk, and find a replacement customer, rather than attempt to resolve the existing customer’s issue. This point can be called, for want of a better term, the ‘Tipping Point’ in a customer relations strategy.

I conclude that your Customer Relations team has calculated the Tipping Point to be \$140 *or less*. I have not yet had the opportunity to probe the lower limits of their strategy. In any event, I find this number remarkably low, given the cost of the national media advertising and so on that you use to get replacement customers. But it’s their number, so I’m prepared to work with it.

I’d be very interested to know how this number was calculated. I’m sure others would be as well. I would also be interested to know whether you are even aware of it, given the apparent tendency of your Customer Relations team to withhold information from you.

5. A Challenge to Collaborate: Instruction for the Business Leaders of Tomorrow

What we have here is an evolving and very interesting business case study. In fact, the farther we get into it, the more interesting it becomes. So I have an idea.

Let’s get together and write this up as a case study. You tell your side of the story, and I’ll tell mine. Your reply to this letter will, of course, set the framework for your side. We can package it in a brief theoretical preamble, and send it to my business school *alma mater* for classroom discussion. We could pyramid our writing by offering to appear *pro bono* as resource persons to the discussion. If it flies as a teaching aid we could distribute it more widely. I think it would be really interesting to hear what up-and-coming young business leaders have to say about it, particularly regarding the Tipping Point calculation.

Let me know if you are interested in pursuing this challenge.

In the Meantime

I would appreciate the courtesy of a reply *over your signature this time*, containing as a minimum an apology for the disingenuousness in your Company's letter of December 18, 2006, and addressing the issues raised in my letter of December 7, 2006, and this letter.

Yours truly,

Alan Gummo

cc Cheryle Slattery

APA

By email: list