



Money Back Guarantee, What's the Deal?

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In business, as in life, it is a big deal to be in charge of initiatives that affect an entire organization. As anyone who has helmed a project will say, that (feeling of importance) is quickly replaced by the weight of responsibility. You are now the person that shoulders the fate of your organization's future! Okay, it's not always make or break with these projects but every decision in a business needs to move the company in the right direction.

As you evaluate and consider the vendors you do business with, something that will always come up are the marketing hooks to make them stand out. You, the savvy customer, will only deal with the market leaders with the best solutions for your particular needs. As you consider the handful of finalists that meet all of the needs of your project, you look for differentiators to make sure you're picking the best solution.

A common phrase across almost all industry solutions is the offer of a Money Back Guarantee. It sounds great and it can look even better on paper, but it's not what you want.

What Does “Money Back” Mean?

It could mean almost anything and it all depends on the fine print. In simplest terms, it is getting your money back based on a specific set of conditions. Some conditions are simple; "Return the product within 30 days for your money back!" Some guarantees offer some of your money back. The important thing to note here is that "Money Back" is a blanket term that is easy to misinterpret.

Variations include:

- Partial money back given over a period of time
- Partial money back after starting implementation
- Full money back as credit towards another product for their brand (less common in B2B)
- Full money back, paid to you over a period of time

A Sign of Confidence?

It could be argued that any business that is willing to through their hard-earned revenue on the proving grounds is a business that is to be trusted. Why else would they be so forward about their willingness to refund a customer?

For consumer purchases like a new frying pan or golf club, a company is willing to refund the money because the likelihood of enough consumers returning the products for them to lose money is very low. It is a similar mentality behind offering a mail-in rebate; to many people, it is not worth the time required to mail in for the rebate to get the money back.

For larger purchases, the market does not support that strategy. Have you ever returned a car you didn't like and gotten your money back? Unlikely. Because these purchases have larger upfront costs, the ability to provide a 100% money back guarantee is rarely possible. This is where you see the variations mentioned above as a way to mitigate the costs to the seller while raking in the benefits of the message a “money back guarantee” provides.

What You Really Need

What you need is a solution to your original problem. You don't want your money back. You don't need a clearly defined path to a refund. Unless your specific project was to find a company that provides and honors a true money back guarantee, what you need is a solution that addresses your problem or enables your initiative.

What you need today is the confidence in the following:

- The identified solution addresses the problem
- The company you choose to do business with can deliver that solution
- The promise that the solution will do what was explained in the first place.

This is the kind of service you see in the CS3 Technology Confidence Contract. It is the guarantee that what is provided in the proposal and scope documents will be implemented on time and on budget. If there is not complete satisfaction with that project, they ask for the opportunity to understand what went wrong and a chance to fix it. After all, both the customer and the vendor want a successful project and a happy customer. If the customer is not completely satisfied after that, then they are refunded any money paid.

What You Do Now

No matter what part of your evaluation process you are in, always ask about any guarantees being made, especially those that impact money. Get specific and don't assume. Any company making a promise that has to do with money needs to be explicitly clear with their customers and any customer that is given a guarantee needs to understand exactly what is being offered.

- **Ask.** As soon as you know there is any kind of guarantee being offered, ask for complete details. How will they pay you back? How do you get the refund? Is there a process involved? Any other conditions? Don't be afraid to ask!
- **Understand.** Once terms and timelines are given, make sure they make sense. "Money back" and "refund" are words that can mean many things. Make sure they make explicit sense to you and
- **See it in Print.** Verbal promises are nice but if the worst-case scenario occurs, you need to have it in writing! Not only will this hold everyone accountable, it is now able to be referenced to ensure clear communication and terms during what could be the most stressful part of a project.