



Here's how to stop losing customers by tuning-in to customer feedback

You don't want your competitors taking your customers from you, we know.

In fact the thought of losing customers is frightening.

So why would you treat customer feedback as anything other than a critical business issue?

Yes, feedback can be scary.

Yes, feedback can be hard to get.

Yes, feedback can be difficult to manage and do something with.

Which is perhaps why it's remarkably rare to find businesses wholeheartedly committed to customer feedback.

Actually, it's not so rare when you look at really successful businesses (more of these shortly).

In a nutshell

Capturing customer feedback on its own is never enough. Just measuring feedback is of little value unless it influences your behaviour.

If customer feedback doesn't drive improvements in your behaviour, disaster is around the corner.

Disregard customer feedback at your peril...

Disregard customer feedback and you get millions of negative YouTube hits!

"Oh my goodness they're throwing guitars out there."

Dave Carroll, a musician, heard a passenger behind him say this. So he looked out of the United Airlines aircraft window. He witnessed his guitars being thrown about by baggage handlers.

Carroll was heartbroken to discover later that his precious £2,000 Taylor guitar was damaged.

Nine months of tireless telephone calls and emails later, Carroll had failed to get any compensation.

So he took matters into his own musical hands.

Carroll posted a little ditty entitled "United Breaks Guitars" on YouTube. 4 days later he'd had 1.5 million views.

The song even made No.1 on the iTunes country & western download chart in the UK!

As a result United Airlines had £123 million wiped off their share price – enough for 51,000 guitars.

Contrast this with the way great businesses treat feedback overleaf.

Here's a proven solution for you...

Take customer feedback seriously. Use one well-proven feedback question: **"How likely are you to recommend our business to a friend or colleague?"** Turn the answers to this question into information you can use to improve your business results.





Apple, Lego and Virgin Media all use Net Promoter Score

Feedback obsessed...

Apple, Virgin Media in the UK and Ebay have all adopted the **Net Promoter ScoreSM (NPS[®])** approach to customer feedback.

This single 'score' drives change in every department of these businesses. They are not alone.

Lego, Dell and even British Gas use customer feedback to steer company improvements.

You too can get serious about tracking customer feedback. And you can use the same single feedback score these companies use.

The number one number for feedback

Apple stores began measuring Net Promoter Score (NPS) in 2007 – back then there were 163 stores and their NPS was 58%.

By the time Apple got to 320 stores their NPS was an outstanding 70%. Plus sales per square foot were 5 times their competition.

It could be that Apple's success is because of amazing products or cool store design. However, according to Fred Reichheld in his book 'The Ultimate Question 2.0' – **"...by far the most common reason promoters gave for their happiness is the way (Apple) store employees treated them."**

Working out YOUR number one number

The Net Promoter Score question goes like this:

"How likely are you to recommend our company – on a scale of 1 to 10 – to a friend or colleague?"

The answer to this question creates three possibilities.

1. Anyone answering with a score of 1-6 is a net detractor

2. 7-8 scores are neutral/passive
3. 9-10 scores are net promoters

Your NPS is the percentage of promoters minus the percentage detractors. For example: To achieve a NPS of 70% you might have 80% promoters and 10% detractors $80\% - 10\% = 70\%$.

Why NPS is so valuable to your business...

According to Owen and Brooks in their study into NPS, the Net Promoter Score captures two key behaviours:

1. **The value of the customer** – a net promoter typically buys more from you; a net detractor buys less.
2. **The potential value through referral** – a net promoter will typically say good things about your business and your products and recommend you; a net detractor makes negative comments.

Measuring NPS is not enough...

When Apple and Virgin Media get a net detractor they call them up. They find out what the issue is. They then set about correcting the issues and prevent it happening again.

Apple, Virgin Media, Lego and others don't just measure NPS. NPS drives corrective action throughout their businesses.

Neil Birkett became the CEO of Virgin Media in the UK back in 2008. At the time Virgin's customer-service ratings were the worst in their industry. In Birkett's words:

"Our number one problem was that customers didn't stay with us long enough!"

Use NPS to drive action...

Just two years after committing to NPS, Virgin Media reduced customer churn by 39%.

Birkett's team were starting from a low score - it would have been easy to get demoralised if they initially focused on the net detractors (scoring them 1-6).

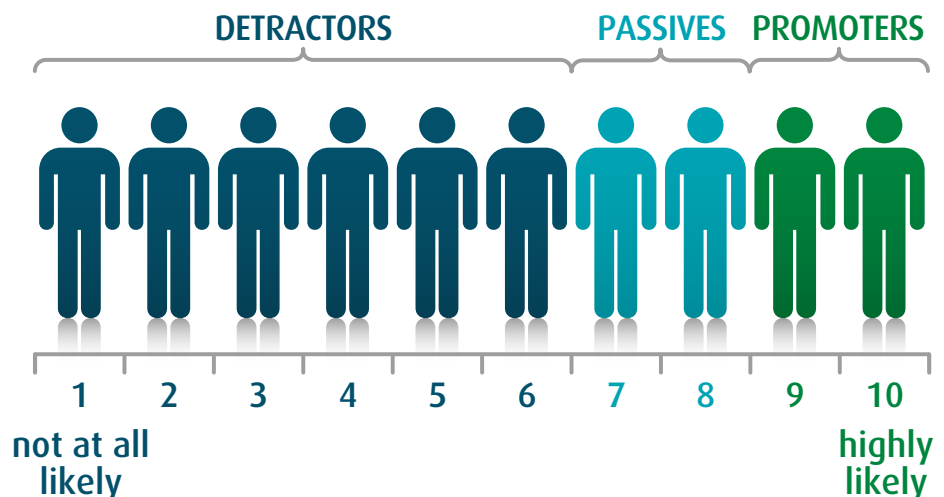
To avoid this Birkett created a **'10-wall'** to prove that 10s were possible. With a well-established good feeling around the '10-wall', they were ready to call detractors. But there were a lot of detractors!

Fred Reichheld in 'The Ultimate Question 2.0' describes Virgin Media's solution to being almost overrun with detractors:

"To keep the volume of closed-loop feedback calls under control, the company started by calling only those customers who scored it a zero. Later it expanded the calls... (to) first ones, then twos, and eventually all detractors"

Virgin Media like Apple are committed to taking action on their Net Promoter Score. You can do the same and grow your business too.

On a scale of 1 to 10, how likely are you to recommend our company to a friend or colleague?



TIME TO DISAGREE:

“We can’t get our people to ask our customers for feedback, it’s a scary thing to do. The answers we get back might be bad!”

What’s certain is you’re going to get a cross-section of feedback scores. And like Virgin Media you might be faced with some (or a lot of) net detractors.

Not getting this feedback, not working out why you’re scoring low is like sticking your head in the sand. Stick your head in the sand and you’ll always have more detractors than you should have.

More net detractors means fewer sales from these customers. More net detractors means fewer referrals than you should be getting. This means reduced sales revenues and reduced profit.

Commit to acting on customer feedback and you’re on the road to sustainable success. Avoiding it is a recipe for decline.

“We’re already really busy and committing to Net Promoter Score sounds like a lot of hard work responding to net detractors.”

Yes there’s the work of solving how to get a regular flow of NPS feedback and the reasons behind the scores. Then there’s the work of ‘fixing’ your processes to prevent future detractor scores. The alternative is wondering why you’re not growing as fast as you’d like; why your re-purchase rates are low; why your average order value is reducing; why you aren’t getting the referrals you used to get.

Use the Business Bitesize Support Tools And Resources

to help you make the most of this edition of Business Bitesize – go here: www.businessbitesize.com/remarkable_practice to download these

Your feedback is important to us. We’d love to know what you think of this edition of Business Bitesize and how you use it or plan to use it. Also we’d welcome your suggestions for future editions of Business Bitesize. To give us your thoughts please use the simple feedback form here: www.businessbitesize.com/remarkable_practice

And as long as you don’t know the reason for your net detractors, you may well be spending time and money correcting the things that have no financial impact.

“I’m not convinced that investing time and money on NPS will work for us.”

When you dig deeper into the NPS research carried out by Owen & Brooks you hear about the strong economic arguments in favour of NPS.

“In our studies of business-to-business companies adopting the Net Promoter discipline, successful companies saw an average of 23 percent increased revenue growth.”

One Canadian company MD is quoted as saying:

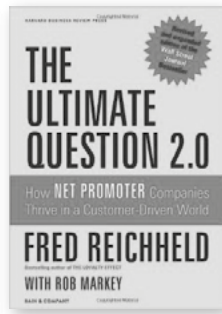
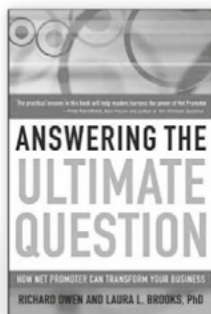
“It’s as plain as day – the economic benefits of having Promoters versus Detractors.” – Larry Hyett, VP Retail Sales at TD Canada Trust.

Tell me more...

The logic of a committed approach to customer feedback and action is undeniable.

The success of NPS as a way to capture feedback and promote corrective action works for Apple, Lego, Virgin Media and many more. It could work for your business too.

You can dig deeper into making NPS work for your business by checking out the Bitesize tools at the links below. You should also check out these two in-depth studies into NPS.



4 helping hands for you...

Customer feedback, on its own, is never enough. Customer feedback must drive behaviour in your business.

- 1. Wholeheartedly commit to capturing and using customer feedback to drive change in your business**
- 2. Work out how best to collect customer feedback using the Net Promoter Score**
- 3. Contact detractors to find out what you need to change**
- 4. Change what your business does so you reduce detractors and increase promoters**

ULTIMATE ARGUMENT: “How do I know this will work for me and my business?”

It’s one thing to test NPS so you can see it has value for you and your business. However if NPS does not have the business leader’s wholehearted commitment to collecting NPS and acting on NPS it is unlikely to work. So if you’re yet to be convinced and want more evidence check out one or both of the books shown here.

STOP: treating feedback half-heartedly or as just another marketing process you know you should do.

START: asking customers how likely they are, on a scale of 1 to 10, to recommend your business.



Your next steps:

Here's your Bitesize Net Promoter Score action plan. This checklist will help you get NPS going in your business.

Start by working with your customer-facing people:

Capturing Net Promoter Scores happens close to (or at) the point of purchase. So you need to work with your customer-facing people to work out the best way to get your NPS and how to respond to the results.

More tools and information for you:

As well as the checklist here, you can use the forms and checklists in the online supporting tools. Together they'll help you see the economic upside of NPS and how to make the most of NPS.

Go to <http://bit.ly/custfeedbacktIs> to see the tools and resources to help your accountancy firm work out how best to collect customer feedback.

Here's how you get going with Net Promoter Score...

1. Start capturing your Net Promoter Scores

Together with your customer-facing people, work out the best way to ask your customers the NPS question:

"How likely are you, on a scale from 1 to 10, to recommend our business to your friends and colleagues?"

2. Work out your business's NPS

As you take action in response to your NPS results you'll want to see your NPS improve. So it makes sense to work out and track your NPS every week or every month.

Your NPS is the percentage of promoters (scoring 9 and 10) minus the percentage of detractors (scoring 0 - 6). If you have 60% promoters and 25% detractors your NPS is 35% (this means you'll have 15% neutral scoring 7 and 8).

3. Take action quickly – find out more from your detractors

Just measuring NPS is of little value. Customer feedback must drive behaviour in your business.

The first behaviour is to find out what drives detractors to give you low scores. This can be at the point of purchase, or follow Apple's example and call them up afterwards (but quickly).

4. Segment your NPS results more closely for even better insight, better decisions and better results

Some individuals, some teams, some product purchases generate the most promoters. Others produce the most detractors or neutrals.

Understanding which people, teams and products or services deliver the best and worst NPS can help show you how to improve things. You'll find more about this in the support tools at the link below.

Go to the link below and you'll find a suite of support tools to help you make the most of Net Promoter Score. These tools will help you capture your NPS, and suggest ways to reduce detractors, increase promoters and improve your business results.

Find the support tools to help you here - www.businessbitesize.com/remarkable_practice

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business breakthroughs
in minutes

Remarkable
Practice inspiring remarkable results
in your accountancy firm



Here's how to stop losing customers by tuning-in to customer feedback...

Why would you treat customer feedback as anything other than a critical business issue?

Yes, feedback can be scary. Yes, feedback can be hard to get. Yes, feedback can be difficult to manage and do something with.

However when you look at really successful businesses (Apple; Lego; Virgin Media) you find they use Net Promoter ScoreSM to measure and manage their business. You can do the same.

STOP: treating feedback half-heartedly or as just another marketing process you should do.

START: asking customers how likely they are, on a scale of 1 to 10, to recommend your business.

The Net Promoter ScoreSM (NPS[®]) captures two key behaviours:

1. **The value of the customer** – a Net Promoter[®], typically buys more from you; a net detractor buys less
2. **The potential value through referral** – a net promoter will typically say good things about your business and your products and recommend you; a net detractor makes negative comments and reduces the likelihood of others buying

Measure your NPS, increase promoters, reduce detractors and grow your business.

CONTENTS:

1. Start capturing your Net Promoter Scores from customers
2. Work out your business's NPS
3. Take action quickly – find out more from your detractors
4. Segment your NPS results more closely for even better insight, better decisions and better results

Here's how you get going with Net Promoter Score...

At the core of the NPS approach is a principle that exists behind all good, genuine, wholesome customer-care models – treat customers as you would want to be treated if you were in your customers' shoes.

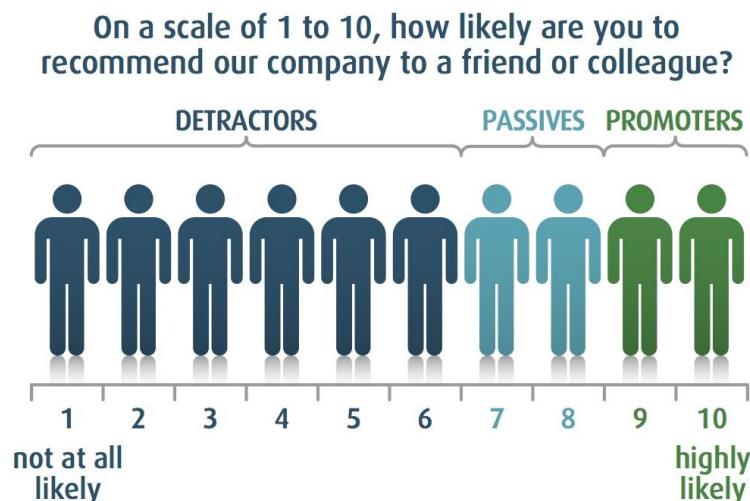
You can dig deeper into the research and practical application of NPS by studying two great resources about NPS:

1. **The Ultimate Question 2.0: How Net Promoter Companies Thrive In A Customer-Driven World** – by Fred Reichheld
2. **Answering the Ultimate Question: How Net Promoter Can Transform Your Business** – by Richard Owen and Laura L. Brooks

Here's a few practical steps you can take to get you going.

1. Start capturing your Net Promoter Scores from your customers

Together with your customer-facing people, work out the best way to ask your customers the NPS question. Here's the question all the NPS research suggests you ask:



This step is entirely about getting a number from each of your customers. The maths and the action comes later!

How to ask... For an accountancy firm like ours, the best time and place to ask the NPS question is at the end of meetings with our clients.

Alternatively we could send out customer questionnaires after the meetings. This is what Enterprise Rent-A-Car used to do. Enterprise used to send out a questionnaire when

a car rental was finished. However, because they wanted more immediate feedback from customers they changed to phoning the customers for feedback.



Net Promoter Score

Support tools and resources

When's the right time for you to ask your clients? Should you ask face-to-face, over the phone, by post or email or through your website? You and your team must work out a way you think will work for your business and your customers too.

NB In Reichheld's book he quotes an interview with Andy Taylor the CEO of Enterprise from the magazine *Fortune Small Business*. Taylor suggests that their customer feedback measurement process "enabled us to go from being a nearly \$2 billion business in 1994 to a \$7 billion business" in 2004. By 2009 they were £12 billion! Customer feedback clearly has had a positive impact at Enterprise.

2. Work out your business's NPS number...

As you take action in response to your NPS results you'll want to see your NPS improve. So it makes sense to work out and track your NPS every week or every month (or every day!).

This requires you to set up a system that delivers accurate timely NPS scores for you and your people to respond to and act on.

The simple maths of NPS... Your NPS is the percentage of promoters (scoring 9 and 10) minus the percentage of detractors (scoring 0 - 6). The neutrals (scoring 7-8) are ignored for the sake of measuring NPS.

Let's say you have 100 NPS scores from 100 customers. 60 score you at 9 or 10 (promoters), 15 score you at 7 or 8 (neutrals) and 25 score you at 1-6 (detractors). Here's your NPS:

60 minus 25 is 35.

This makes your NPS **35**.

You ignore the 15 neutrals.

NPS is worked out in percentages, which means you can always compare your results now with the results you get in 3 months, 6 months or 12 months' time.

Let's say you get better at capturing more data sets over the next 12 months and you receive 148 NPS scores from 148 customers; 94 promoters, 24 neutrals and 30 detractors. Here's your new NPS:

Promoters 94/148 is 63.5%

Neutrals 24/148 is 16.2%

Detractors 30/148 is 20.3%

Your NPS is 63.5 minus 20.3 = **43.2**



Net Promoter Score

Support tools and resources

You'd be showing an 8.2 improvement in your NPS (43.2 minus 35). Which, if the overwhelming evidence in the Reichheld and the Brooks/Owen publications proves correct for you, will positively improve your business results.

As accountants we are more than happy to help you set these measurement processes up – feel free to contact us if you want our input.

3. Take action quickly – find out more from your detractors

Just measuring NPS is of little value.

To be genuinely valuable, customer feedback must drive behaviour in your business.

Enterprise Rent-A-Car grew their business on the back of their NPS approach not because they measured NPS, but because they took action based on the scores. The same can be said of Apple, Virgin Media, Lego, Ebay, British Gas, and more.

Once you have NPS scores showing up it's time to act on the results.

The value of sharing promoter insights: Yes it pays to share the promoter results and understand why they love your business so much. Virgin Media created the '**10-wall**' because they wanted to nurture belief that they were capable of creating great customer reaction. They also called their detractors to find out where they were going wrong. They then set about improving the way they delivered to reduce the number of detractors.

The value of sharing detractor insights: Once your customer has given you a detractor NPS, you next need to know what prompted their low score.

You need to ask another carefully crafted and sensitively asked question.

You could follow the example of Apple, Virgin Media and Enterprise and call your detractors afterwards (but quickly).

You can ask your 'investigative question' at the point of purchase, whether face-to-face or through your online purchase confirmation screens. Or in another way that best suits your business. You and your team need to work this out and test it.

To help here's a few suggestions you can use or adapt to suit your business, your products and your services:



Example question scripts to help you:

- “Thank you for your honest and candid feedback. I’m sorry your experience has been less than perfect. We are serious about improving our business so would you **please tell me, what was it that prompted you to give us a score of 3?**”
- “We really appreciate your honest and candid feedback. I’m sorry your experience has been less than perfect. We are serious about improving our business so would you **please tell me, what should we have done to get a higher score today?**”
- “We know it’s hard to give honest and candid feedback, so thank you. I’m sorry your experience has been less than perfect. We are serious about improving our business so would you **please tell me, how could we have improved things for you today?**”

If you are asking NPS face-to-face you have the opportunity to immediately find out what has happened to generate a detractor’s 1-6 score.

Carefully crafted, genuinely asked questions give you the insights to improve your business.

In the example above the business originally received 35 detractor scores. The next job would be to make 35 phone calls. Let’s say 20 calls got through – 12 calls reveal one insight and 8 others reveal a second insight in need of your attention. You can now prevent these 2 ‘insights’ ever happening again and you can drive your NPS up over time. Drive your NPS up over time and your business results will improve.

4. Segment your NPS results more closely for even better insight, better decisions and better results

Some individuals, some teams, some product purchases generate the most promoters. Others produce the most detractors or neutrals.

As you progress through your journey towards making NPS pay for your business you’ll see the need to hold people, branches, product teams and other segments to account. Your NPS data needs to reflect this as it does for some of the most successful implementers of NPS:

Enterprise Rent-A-Car NPS segmentation: What’s fascinating about the Enterprise example is the extent of their segmentation of their NPS data. Enterprise fully understands that changing customer experiences is a branch by branch process. The thing is they have 7,600 branches!



Net Promoter Score

Support tools and resources

Over time Enterprise have worked out how to deliver timely NPS data a month across these 7,600 branches (Enterprise seek NPS results for 25 customers per month per branch, that's more than 2 million NPS data sets a year!). Each branch has a three-month rolling average, which enables each branch to monitor and drive improvements. It also enables regional and country managers to hold branches and regions accountable.

Intuit NPS segmentation: Intuit are a rapidly expanding accounts focused software company. They track NPS results by product.

Apple NPS segmentation: Apple can drill down to individual people within each Apple Store and see their NPS results.

Understanding which people, teams and products or services deliver the best and worst NPS can help show you how to improve things.

To start with keep this simple and then over time segment your NPS so it helps you identify which people, teams and products deliver you your promoters and your detractors. Then work with these to share best practice and improve your business NPS and profit and growth performance too.

From Reichheld's great book on NPS:

“The only way to grow is to treat customers so well they come back for more, and tell their friends about us. That's how we'd all like to be treated as customers.”

- Andy Taylor, CEO, Enterprise Rent-A-Car

For more ways to make more of NPS seek out these two publications:

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