

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.

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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.

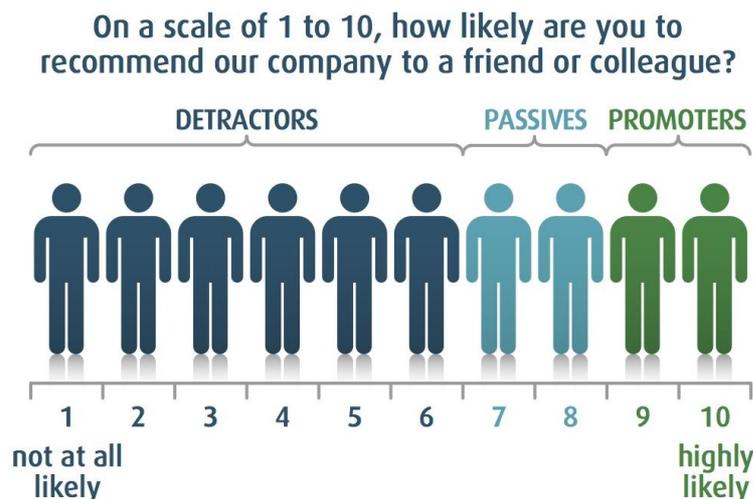
You can dig deeper into the research and practical application of NPS by studying two great resources about NPS:

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**



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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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