

# Net Promoter Fundamentals and Operating Model

*We have driven, since early 2000, the notion that to be customer centered is a very important part of the value system of our company and we have to keep that ever present in our minds.*

*John W. Thompson,  
chairman and CEO, Symantec*

This chapter lays out the basic elements of the Net Promoter Operating Model and sets the context for much of the rest of the book. You may think this is an obvious task, but when posed with the question, “What is Net Promoter?” we found that beyond the metric, no consensus seemed to exist. We start with the metric, summarizing the underlying concepts that support it, and draw a distinction between it and more traditional approaches. Finally, we propose a model to build a Net Promoter program and drive a customer-centric culture.

## **A Net Promoter Primer**

Is Net Promoter a metric or a way of doing business? The answer is “both.” Net Promoter is a discipline that has progressed well beyond the computation and into a series of best practices that drive positive financial results for the organizations that adopt it. This chapter goes beyond the simple mathematics required to calculate the metric and into the discipline that makes Net Promoter



particularly critical in today's connected world, where word of mouth can spread more quickly and positive or negative sentiments can remain on the Internet for a long time.

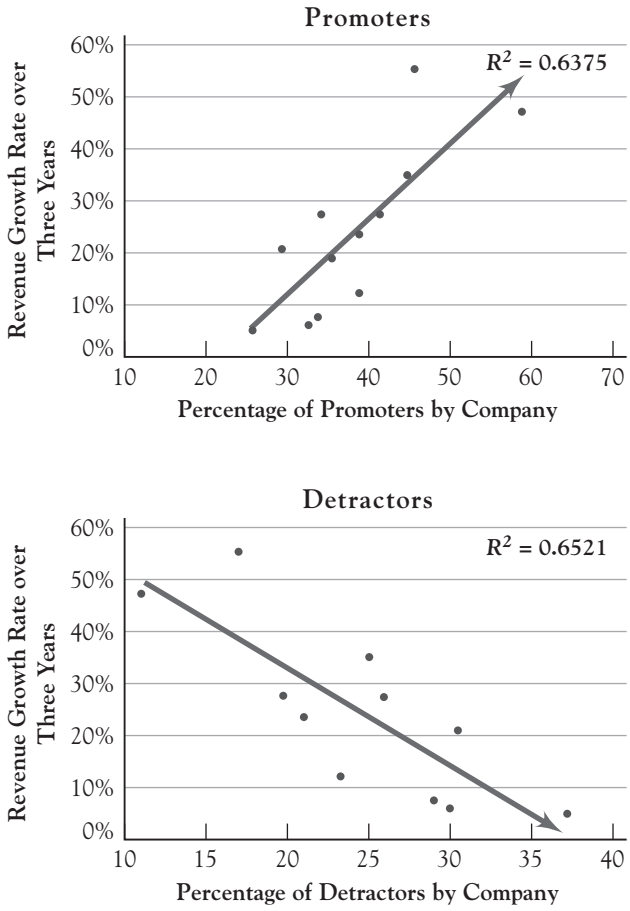
NPS's compelling benefit lies in its ability to capture the net effect of customers who promote over customers who detract. By taking into account the increased growth achieved through positive buyer purchase and referral economic behavior, as well as the impediment to growth caused by the effects of reduced customer purchase and negative referral behavior, NPS provides an accurate assessment of customer loyalty and its impact on growth.

The payoff for a company with an improving NPS is reduced customer churn, decreased cost to serve, increased lifetime value, and improved cross- and up-sell opportunities. NPS also reflects the reality of word of mouth since Promoters provide positive word of mouth, and Detractors engage in negative word of mouth about the company and its products or services.

Some have argued that Detractors don't matter—that they don't actually have a negative impact on a business. Based on three years of data comparing NPS and publicly disclosed financial results, it is clear that there is a direct correlation between increased scores and increased revenue growth. Similarly, higher percentages of Detractors also link to reduced growth rates (see Figure 1.2). This evidence shows that it is not just Promoters but the absence of Detractors that create a positive growth engine.

## **Why Traditional Approaches Fail**

Successful Net Promoter programs are not traditional customer satisfaction programs with the Recommend question added for convenience. Before Net Promoter, many customer satisfaction programs yielded management reports that lacked credibility. Perhaps more important, they didn't deliver business results. Before we lay out what makes an effective program, it's worth considering the contrast with prior approaches. We have boiled



**Figure 1.2 Revenue Growth Rates by Promoters and Detractors**

Source: Satmetrix client data. Average international NPS from 2002–2004 ( $N = 12$ ,  $n = 80,000$ ); public financial data 2003–2005 or 2004–2006 depending on fiscal year.

this down to the distinction between research studies and operational programs.

### **An Operational Approach, Not a Research Project**

Research-based approaches to customer satisfaction have not been tremendously successful in terms of improving satisfaction.

Customer satisfaction scores for the majority of large corporations have not historically shown significant improvement. Although annual reports highlight the importance of customers (usually accompanied by glossy photos and glowing tributes), many CEOs, when interviewed, have expressed a lack of confidence in their customer satisfaction efforts or a disregard for the programs that exist. Billions of dollars a year are spent on customer satisfaction surveys and market research, and outcomes seldom seem to result in any real changes to the business. Consider your own experiences as a consumer. When you fill in a customer satisfaction survey, do you believe that something will happen as a result?

Research can be valuable for the organization, but viewing your investment in customer loyalty as a research project is setting your efforts up for failure. We unfortunately continue to witness the stereotypical annual customer satisfaction report, presented to a suspicious executive team that invests just enough time to argue its validity before consigning it to the corporate bookshelf for another year. This is the classic outcome of a program that is driven from the needs of research rather than the needs of the business.

By contrast, an operational approach starts by understanding which customer data and internal processes will create change across the organization and how to use that information effectively. Whereas a research approach focuses on creating an insightful report for a handful of executives, an operational approach is concerned with building a program that engages the entire organization in improving customer relationships. Your operational program quickly becomes part of the ongoing management processes and touches line employees in their everyday jobs.

Creating a new research project that simply uses and measures NPS won't change your business; no miracle will occur simply from adding the Recommend question. Instead, success will come from grounding your program in an operational approach and applying Net Promoter principles one customer at a time.

## Satisfaction Versus Loyalty

It's worth clarifying the difference between satisfaction and loyalty. Simply put, satisfied customers still defect. The fact is that satisfaction is a standard that had great meaning in the postwar industrial growth of Europe and the United States but falls short against the standards of global hypercompetition today. Worse, it provides a false standard that undermines the impact that leadership could obtain by applying a higher standard to their businesses.

If you turn on your TV and see a company claiming to have 90 percent customer satisfaction, what does it tell you? It certainly indicates that the company's basic products or services seem to work as advertised. It might also suggest the company is able to handle inevitable problems in a reasonable and timely fashion. You might even suppose that this business' help desk phones are not clogged with customers calling in to complain about the company. But does any of this sound like a basis for competitive advantage or an engine for growth?

Net Promoter programs establish a higher standard than simple satisfaction, one worth holding your business to. There is no false sense of comfort, just a real focus on the drivers of growth and competitive advantage.

Dell, the world's largest direct-sale computer manufacturer, runs a global customer experience program and understands the distinction between satisfaction and true loyalty. Dick Hunter, who heads the global consumer support program, told us:

The thing I was struck by is that we were all hung up about customer satisfaction, and I frankly didn't think that was the right goal. It's one thing to have a customer call us with a problem. We solve their problem, and they're satisfied with the fact that we solved the problem. It's an entirely different matter if, after a customer

calls us, they're much more loyal to us and say, "I'm going to buy from Dell forever because I really get great service and that's part of the overall experience that is great and I couldn't imagine buying from anybody else." There's a huge difference between those two. And my view was that we had to go toward loyalty and move away from satisfaction.

We couldn't agree more.

### **Loyalty Metrics Held to the Standards of Financial Reporting**

If you have heard Fred Reichheld speak, you may have heard him refer to his goal of having the NPS achieve the same standards of rigor and "auditability" as accounting based on Generally Accepted Accounting Principles. Most companies take financial reporting seriously. They hire outside auditors to confirm that their representations of the facts are accurate. Standards exist and evolve to meet the needs of current business practices. The repercussions of misrepresenting the numbers can be very serious under law, including jail time.

Another way to look at financial reporting is to understand that the most important output of good reporting is quality data given to management on which they can base important decisions with confidence. In other words, this is information for running the business. In the same way, a Net Promoter program should provide quality customer data that enables strategic decision making.

Now picture the way most companies review customer satisfaction data and imagine for a minute using the same method for reviewing financial information. Board meetings would consist of lengthy sessions where the accounting team seek to explain the meaning of the organization's performance in statistical terms that only they could understand. Executives would debate the validity

of the numbers. There would be a refusal to take action because the board relentlessly questions whether those are “real numbers” or even “realistic scenarios.” Department heads would claim to understand the true picture around actual and projected revenue without this and would argue they don’t need accounting telling them what they already know about their business. Why spend money on this kind of data anyway?

This scenario is a bit absurd, yet it’s exactly what happens with customer data when it fails to achieve a standard we reserve for critical information about our business. Net Promoter differs from traditional satisfaction metrics in that it focuses on customer data as an instrument for general business management, not just customer research, and because it is simple for everyone to understand and is actionable by employees. Moreover, the emphasis on obtaining high response rates, census approaches in business-to-business markets, antigaming focus, and methodical goal setting are all part of what makes the Net Promoter approach more trustworthy. Boards and management can use Net Promoter data just as they do financial data to make decisions that grow the company.

### **Bad Profits**

The concept of bad profits is critical to Net Promoter. We were recently challenged by an executive to explain why the term *bad profits* is not an oxymoron in the business world. Well, that’s exactly the problem many companies face. The simplest way of looking at bad profits is to consider them profits that come at the expense of long-term growth because of the Net Promoter penalty they incur. They are short-term profit and cost friendly, but long-term customer and profit unfriendly.

There does seem to be a lot of confusion around this issue, so we illustrate it with our favorite example of a CEO who understands the difference, Rupert Soames from Aggreko. He nailed it for us:

The disadvantage of financial reporting is that it is a lagging indicator, not a leading indicator, and the lag can often be quite long and quite severe. Managers are confronted daily with the opportunity to make more profit in the short term and give poor customer service at the expense of irritating their customers in the long term. What I have always been looking for is a way of squaring the circle that will enable us to say to employees, “Yes, you are to make as much profit as you can, but in so doing, we want to judge your operational effectiveness in terms of the way you’re delivering service.”

The first of the month, we map NPS to revenues and costs, and we can quickly relate financial performance to operational excellence and to delivering new customer service.

Tackling bad profits does not, in our opinion, mean that you are in business to be altruistic. Nor does it mean that every customer has a vote on what should be good or bad profits. Many customers have their own ideas that may not be right for your business. You might personally think that it’s outrageous that your public relations agency charges you a rush fee to amend copy at the last instant, but it may fully reflect the agency’s costs and the increased value that you receive. Instead, bad profits often rely on some form of trap—a business process that is perfectly legal but clearly designed to charge abnormal profits to take advantage of a customer in the short term. The vast majority of customers would recognize this behavior as being bad profits and penalize the organization with lost future business.

Companies that believe in Net Promoter are sensitive to the issue of bad profits and actively find ways, as in the Aggreko case, to safeguard against these types of business practices. It’s often the case that root cause analysis of Net Promoter results will point directly to the underlying source of those bad profits and present a clear business choice of current versus future costs.

## Net Promoter: Key Tenets

A successful Net Promoter program includes several factors that work together. Although NPS is useful, the most prevalent cause of failure in Net Promoter programs is the inability of the organization to go beyond the metric and build out a complete operational model with NPS as its centerpiece. The breakthrough in Net Promoter comes from shifting the entire program from a research model to an operational model and embedding it in the business. To help you get started on this, we have built a framework that captures all of the elements necessary for a successful program, which we outline in the next few pages. For now, we start with the key concepts behind the framework.

What makes Net Promoter programs unique are five key tenets: methodology, philosophy, action and accountability, emotionality, and linkage to financial outcomes.

### Methodology

“NPS is the metric we use to say we are making progress or not. We like it, it is simple, easy to understand, our team gets it,” noted Enrique Salem, chief operating officer (COO) of Symantec. A Net Promoter program is based on a simple metric. There has been some debate as to the strength of this metric relative to proprietary metrics. Needless to say, companies whose economic fortunes are tied to their promise of superior mathematics are not happy with the idea of standardizing on a simple, open standard that doesn’t require a doctorate to understand it.

Simon Lyons from Aggreko said it best: “The beautiful thing about NPS is that it’s simple. Each layer of complexity which other research metrics add move them further and further away from being adopted by our management teams and the employees at the customer-face.” The challenge for the “more complex is better” camp is not whether they could construct a metric that is in some way a better indicator of some business outcome; the challenge is whether

the costs of complexity are outweighed by the benefits. In most of the practical cases we see, the answer is a resounding no. The potential benefits of measuring loyalty across a long series of complex questions are rarely significant in the practical business world. Worse, the added cost of a lack of openness around the metric's calculation and the difficulty of helping the organization to understand it are significant.

A simple single metric wins advocates and converts skeptical employees and executives who would otherwise not support such a program, enabling the alignment of an entire company. When eBay first learned about Net Promoter, it also questioned the metric and program. When Kip Knight, vice president of marketing, learned about Net Promoter, he admitted, "I was a bit skeptical because coming from market research, NPS seemed too simple to be valid." After implementing the program, he remarked, "Net Promoter was like religion: the more I understood and practiced it, the more of a believer I became." Simple is good if your goal is to persuade thousands of employees all over the world that they should track a number in their daily routines.

There is a difference, however, between a single metric and a single question. We spend ample time later discussing data and survey design, but let's go on record as saying that we don't see an automatic prescription for one-, two-, or three-question survey length in your data collection efforts. More on that later.

## **Philosophy**

Net Promoter has a built-in, unique, and compelling philosophy that engages employees at all levels in the company and across all functions. Its basis is the Golden Rule. The Golden Rule and the ethic of reciprocity is a fundamental principle that simply means treat others as you would like to be treated. Throughout history, philosophers and religious figures have stated the principle in similar ways. For an esoteric example the ancient Greek philosopher Pythagoras offered his theorem: "What you wish your neighbors to be to you, such be also to them."

The idea of the Golden Rule and *good profits* provides an underlying business approach that has demonstrated its appeal across all sizes of business and geographies. It's a positive approach to business that everyone can relate to because for most people, it simply summarizes the right thing to do. The most frequent comment we hear when we talk about Net Promoter is, "Of course, that's true!" Just because something is intuitively sensible and aligns with most people's view of the universe does not mean that it will automatically be put into practice. However, it's a lot easier to implement a program that aligns naturally with the culture and values of a company and its employees.

Orange Business Services subscribes to the Golden Rule. Even when the company was under strong competitive pressure, Orange held firm to *good profits* to drive revenues. Axel Haentjens, vice president of marketing, brand, and external communications, remarks:

It was quite a challenging time for the company—our margins were under pressure. Delivering good quality to our customers and good customer experience was seen by all of the employees as a very good way to restore the trust in our company. Because if we were doing so much for the customer it would surely pay off; it would surely translate into increased revenue or increased margin. As a result, I think everybody embarked on the program. And we reached all our goals at the same time: it increased customer loyalty, boosted revenue growth, and established Orange as the reference worldwide brand for services to Multinational Corporations.

### **Action and Accountability**

Net Promoter programs are not simply about giving an annual presentation about customer metrics to a handful of executives and persuading them to take action on the data. Net Promoter programs

challenge all levels of the organization and thousands of employees to take action every day to improve interactions with customers.

Obtaining aggregate customer data is not sufficient for a successful Net Promoter program, although it is often what customer loyalty programs consider their end goal. Rather, successful programs are about taking action many times a day across the entire organization in a highly focused and outcome-optimized approach. A closed-loop process where customer feedback is acted on and communicated back to the customer is the heartbeat of a Net Promoter program and should be tailored to the needs of the organization. This means that employees receive data, understand it, have the skills to perform the necessary root cause analysis, and know their role in closing the issue with the customer. Although the process can be as simple as a choreographed follow-up phone call with a customer, organizations usually experiment to find the right approach for integrating action into existing processes for maximum effect.

As a leader in information services, Experian knows how important integrating relevant information can be. Laura DeSoto, senior vice president of strategic initiatives, Credit Services Decision Analytics, and Julia Fegel, senior manager of client experience, lend their reflections. DeSoto said:

A key enabler of success is getting client feedback and loyalty information to people in ways that reflect their regular workflows. We struggled with this at first; we would send out numerous e-mails or spreadsheets, and that just was not working. So it was a learning process for us. However, we've made great strides, especially with our sales organization. We ask our sales team, "What is the best way for us to provide client loyalty data so that it is easily understood and actionable?"

Actions prescribed by the closed-loop process design need to be married to accountability for customer experience across the

entire organization. Once NPS is well understood, made visible, and communicated across the organization, the Net Promoter program should be operationalized, ensuring that employees feel accountable for their impact on NPS.

Net Promoter programs drive cross-functional problem solving as a core activity. Many of the issues identified by root cause analysis will be resolved through cross-functional teams aligned with a common understanding of the ideal outcome: how to create Promoters and minimize Detractors.

The employees at LEGO Company, the global toy manufacturer headquartered in Denmark, certainly get the idea. Conny Kalcher, vice president of consumer experiences, says:

We use the NPS in all of our consumer-facing divisions. The employees can see the NPS and the comments and the activities that are being suggested to improve the consumer experience every month. We review each touch point to dig even deeper into the issues that our consumers are not happy with. Since we are all measured on the NPS as part of our KPIs [key performance indicators], we all work together constructively to improve the score, reach our shared targets and to create the ultimate LEGO experience.

LEGO's CEO chose NPS and stands behind the program, tying every employee's bonus to an NPS key performance indicator to drive focus and accountability across the organization. Every month the leadership team reviews NPS results for each key customer interaction point, known as a touch point. Touch points are those critical interactions customers have with your organization that define their experience. Different business areas have monthly dialogue about the actions that should be taken in order to improve the experience or address performance gaps. A monthly newsletter highlights NPS and shares with everyone what loyalty issues exist

and what people are doing to address them. Incidentally, LEGO has recently experienced the best growth rate in its history and is gaining market share in a tough market. We believe Net Promoter was a “building block” for LEGO’s success!

### **Emotionality**

One reason Net Promoter has caught on is its natural appeal to emotions. Just the fact that we have Promoters (people who think well of us) and Detractors (people who think poorly of us) tugs at our emotions. Customers don’t view most organizations unemotionally, and employees shouldn’t treat customers like numbers. Net Promoter translates the customer’s perspective into terms that employees, who have the power to fix problems, can relate to. Many companies with an exclusive focus on process control or Six Sigma-type approaches run the risk of losing sight of the fact that they are not just identifying root causes of process, but also of behaviors.

The very term *Detractor* creates a negative feeling; no one wants to have disgruntled Detractors actively voicing their negative opinions. Everyone feels good about Promoters who are raving fans. An executive at an airline once told us that Net Promoter held appeal because everyone could understand what *Promoter* meant and *Detractor* meant, from the executive to the baggage handler. This broad understanding and attraction to Net Promoter is a key differentiator compared to traditional customer satisfaction and loyalty programs.

Laurie Schultz, senior vice president and general manager of Sage Software’s Accpac and Simply Accounting division, agrees wholeheartedly:

We have quarterly all-hands meetings and always talk about Net Promoter. People are clamoring to be recognized as involved in this effort; it has become a status symbol. Can you name me one other organization where people want to call Detractors? It is a badge of honor

for those teams. As leaders, we need to make sure that people see it as one of the critical focus areas.

### **Linkage to Financial Outcomes**

“It’s as plain as day—the economic benefits of having Promoters versus Detractors. . . . The Net Promoter concept is a powerful, powerful tool to get the culture focused,” says Larry Hyett, vice president of retail sales and customer experience at TD Canada Trust (TDCT). TDCT evaluates the financial linkage of NPS and its business of 10 million customers, but this company is hardly alone. In our studies of business-to-business companies adopting the Net Promoter discipline, successful companies saw an average of 23 percent increased revenue growth. To get this result, we gathered the NPS data from more than a dozen business-to-business companies between 2002 and 2004 and compared that information to their financial results over the period 2003 to 2005. The one-year difference between the data sets takes into account the delay between a change in NPS and an impact on the bottom line. This study shows that as NPS increased, revenue followed suit, and therefore demonstrates that NPS provides a leading indicator for revenue growth.

Industry-level analysis is interesting and goes a long way to proving the theory of linkage between NPS and growth, but it’s a company’s individual circumstances that count. The success of Net Promoter is that it continues to demonstrate financial linkages at the individual company level. However, Net Promoter economics can be taken much further. Successful programs apply sophisticated segmentation of data that organizations use to develop growth strategies to facilitate the creation of Promoters, the elimination of Detractors, and perhaps the upgrading of Passives. They apply these strategies across their business or selected segments of their customers to link NPS to profitability, growth, and other economic performance indicators such as churn.

Top executives aspire to incorporate economic analysis as a cornerstone of their business. Neil Berkett, CEO of Virgin Media, says:

I have always believed in the fundamentals behind NPS. We are in the process of linking Net Promoter directly to customer churn. It is our intention to show in our budget a direct relationship between NPS improvement and customer churn on a monthly and quarterly basis. We will include both NPS and a range of financials that are impacted by churn in our balance scorecard providing a direct linkage.

Chapter Two discusses the underlying approach to creating these economics.

Now that we have described the five key tenets that make Net Promoter unique, we will explain the Net Promoter Operating Model in detail.

## **The Net Promoter Operating Model**

It's one thing to identify all the attractive characteristics of successful Net Promoter programs; it's another to build one. Our goal is to provide an operating model that will enable practitioners to implement a Net Promoter program with a high confidence of success. This section outlines the components of the Operating Model that will be referred to in the rest of the book.

Although the idea of Net Promoter is simple, making it work isn't simple. One of the greatest sources of program failure has been management's trivializing the program's undertaking. Many companies assume that implementing Net Promoter will be simple because it looks simple and forget that any business transformation effort takes significant investment.

We are not suggesting that Net Promoter takes more work than any other corporate initiative with a highly leveraged outcome. But it is optimistic for a multibillion-dollar organization to think that it can resource a major initiative with a small budget and a small staff and expect it to deliver great outcomes. We are not trying to discourage you from building a program, but we are trying to discourage you from doing it without adequate infrastructure. We do believe that a well-developed Net Promoter program will return a higher payback for dollars invested than the majority of investments organizations make.

The Net Promoter Operating Model is organized with a sequence in mind. The model provides a checklist of critical components, which will be expanded upon throughout the book and supported with case studies and data describing successful implementations. However, as we explore in Chapter Four, program roadmaps don't necessarily mature in a linear fashion. There are circular elements to the process that require repetition rather than straight-line progress.

Figure 1.3 illustrates the six elements of the Net Promoter Operating Model. The first critical element at the core of your program is the creation of a customer-centric culture, or DNA. Next is a well-thought-through plan—an enterprise roadmap for your program to continuously evolve. Building trustworthy data is the keystone of the Net Promoter Score and the basis on which strategic business decisions can be made. To improve your score, you must identify the root causes of promotion and detraction, as well as drivers of loyalty. Taking action and holding your organization accountable will show customers that their feedback matters and will enable operational and structural improvements. These elements will drive innovation and transformation across products, employee engagement, business processes, and the customer experience, to name a few. Incorporating all six elements of this model will ensure greater Net Promoter program success.



**Figure 1.3** The Net Promoter Operating Model

### **Element 1: Create Customer-Centric DNA**

No successful program for transformation starts without creating the environment for it to flourish. We have identified two key components to building a customer-centric DNA: executive sponsorship and organizational alignment.

Executive sponsorship is a founding principle of success. As we will see in Chapter Three, programs typically don't succeed without the right sponsorship from the top of the organization. This does not prevent many companies from trying to implement Net Promoter without the right level of executive support, and data from the Net Promoter community suggests that over a third of companies try to do so. However, without executive support, programs may lack the financial investments, human resources, and focus on customers that is needed to make big changes. In these instances, our experience is that Net Promoter becomes simply

a different slant on a classic research project, and the results fall short of being transformative.

Beyond the senior leadership, you must get the rest of the organization aligned behind the program. This affects compensation and incentive plans, internal culture, and communication strategies, and Chapter Three discusses these in some depth. We believe that customer focus should be at the core of the organization and permeate all decisions. Setting up a program governance structure will ensure that employees know their roles and responsibilities and the organization stays focused on improving loyalty.

### **Element 2: Develop an Enterprise Roadmap**

It is striking how many programs are started without a plan for evolving them over time. Even more common is a plan that lacks a complete understanding of the elements outlined in the Operating Model.

In Chapter Four, we discuss various approaches to building a program roadmap, with the explicit understanding that programs evolve at different paces to suit the needs of different organizations. Net Promoter programs don't stand still; if they do, they run out of steam and die. The best programs are refreshed based on the evolution of the customer relationship, ideally driven by constant improvements and learning from the program. Programs can be both evolutionary and revolutionary over time, depending on the nature of the corporate environment.

Net Promoter economics are a valuable element to incorporate in the planning process. Chapter Two discusses the economics and segmentation strategy of Net Promoter. At the very least, you should be building an understanding of the value of Promoters and Detractors as a fundamental underpinning of the choices you will make to change your business over the coming months and years.

Planning should take into account the critical customer touch points for your customers' experience. We are not suggesting that all touch points are equally important or should be measured

immediately. However, it makes sense to understand how the different touch points affect the overall customer experience, which ones have the greatest impact on loyalty, and in what sequence they should be addressed. Most important, we want to avoid a situation where data is collected and analyzed based on an internal view of the universe rather than a customer-driven view. You will learn more about these techniques in Chapters Four and Five.

Finally, planning should include regular review meetings with the program, executive, and cross-functional teams to analyze data, create prioritized action plans based on feasibility and impact, and share learning and train employees across the organization.

### **Element 3: Build Trustworthy Data**

Many programs perish from poor data quality. The quality of data means everything to the success of a Net Promoter program; in fact, it is the lifeblood. Many programs start with poor data rather than trustworthy data. Data is trustworthy when it has been collected in a manner that ensures it is an accurate and reliable representation of your customers and their perceptions and behaviors. If not, it provides a false sense of security.

Even the choice of metrics can be a challenge. With multiple touch points, NPS may not be the right metric under every circumstance; other metrics may need to be integrated. How will these different metrics overlap and work in congruence?

Trustworthy data requires you to measure the right customers. Although this may also seem self-evident, not all companies understand who to target. We call this *measuring who matters*. Finally, you need to decide *when* to ask the Recommend question: at transactional touch points or at the overall relationship level. Chapter Five discusses these elements in detail. Having achieved the goal of trustworthy data, you can start to set realistic goals for improvements and benefits. Goal setting is part science and part art, and Chapter Eight explores these nuances.

#### **Element 4: Identify Root Cause**

Analyzing the data to determine root causes for customer behavior is a critical part of the Operating Model. Several useful techniques around root cause analysis, including inferential driver analysis—based on regression—and stated driver analysis from follow-up interviews are covered in Chapter Six.

Companies often think they know what drives customer behavior, but sometimes the data reveals vastly different loyalty drivers. Using a combination of analysis tools to identify root causes enables employees to address the real and relevant loyalty drivers for their customers. Reading transcripts from follow-up interviews is eye-opening and motivates employees to take action, especially if the comments are very positive or very negative. A good mix of quantitative and comment analysis increases the likelihood that you will make the optimal customer-focused decisions.

#### **Element 5: Drive Action and Accountability**

Good data and good analysis are prerequisites, but they are of no use if you don't take action. NPS should not be like watching television; it's a participation sport. At the heart of the Net Promoter program is the ability to put understandable, actionable, and timely information in front of employees who can use it. Aisling Hassell, Symantec's vice president of customer experience, agrees:

It's not about the score. It's about the actions around the score. The score is just a metric. We are trying to change the behaviors of our employees around customer loyalty. . . . There has to be some cadence around communication to employees about customer centricity. We tell our employees that it's not just the CEO who is responsible for tackling customer loyalty; it's everyone's role.

To achieve this goal, the data needs to make sense in the context of the job an employee performs and line up with their

processes and incentives. An accountability framework needs to be in place so that it's clear who has responsibility for taking action and changing the score. Experience suggests that this should be driven across the entire organization and not just rest in the hands of a central group. There must be closed-loop processes where data is understood, root cause is analyzed, and actions are completed, resulting in direct improvement of the customer experience. Chapter Seven covers these topics in detail.

### **Element 6: Innovation and Transformation**

The goal of a Net Promoter program is transformation, both within the corporate culture and in the marketplace. Net Promoter leaders experience product innovation and improvements through the iterative process of listening to customer feedback and making improvements. They use increasingly sophisticated techniques, including the use of Net Promoter segmentation, feedback from communities, and root cause probing for strategic planning, overall go-to-market approaches, product strategy, and customer cocreation of products, services, and business processes.

The payoff from a successful Net Promoter program is the ability to make the right strategic decisions and foster innovations that ultimately improve your market position. This is where the advantages of superior Net Promoter execution convert into competitive advantage. Chapter Nine presents case studies from companies that have applied advanced Net Promoter techniques to their business and have experienced NPS leadership.

### **Putting It Together: Implementing the Operating Model**

The Operating Model is the product of extensive work looking into the factors behind success and failure in Net Promoter programs. Some organizations are at the initial stages of their Net Promoter programs, while others are running mature programs and

are applying advanced techniques. Organizations that outperform the competition tend to be strong in many of the Operating Model elements. We are not suggesting it's impossible to enjoy program success without addressing all these factors; in fact, very few companies are outstanding at all of these elements. You should consider the experience of others, reviewing what worked well and what did not, in order to avoid pitfalls. We hope you can draw parallels to your industry, product, culture, operations, and organizational structure and infuse new techniques into your program.