
Opinion Piece

Defining success: How to implement a successful Net Promoter program

Received (in revised form): 30th June 2009

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Journal of Database Marketing & Customer Strategy Management (2009) **16**, 185–188.
doi:10.1057/dbm.2009.20

Laura Brooks, co-author of *Answering the Ultimate Question*¹ and vice president of research and consulting at Satmetrix, provides an insight into implementing a successful Net Promoter program, addressed in a new business book, currently listed at No. 4 in the list of Top Ten Marketing Books of 2008 (Coolmarketingstuff.com).

‘How likely is it that you would recommend this company to a friend or colleague?’ That’s *the ultimate question*, whereby the Net Promoter Score (NPS) can be measured. Fred Reichheld’s book of the same name started a transformation in how businesses think about their customers. Published in 2006, it challenged the conventional wisdom of customer satisfaction thinking, and coined the terms *bad profits* and *good profits* – a distinction between profits gained at the expense of customer loyalty and those that were not. The book inspired business leaders to put customer loyalty at the front of their agenda, because it was the best way to increase retention and growth.

Since that time, Net Promoter has become so much more than a simple metric. Today it is a discipline by which companies grow profitably by focusing on their customers. However, our delight at the adoption of Net Promoter by organizations has been tempered by some apprehension – while many are publicly declaring their commitment to Net Promoter, a high proportion have made unsatisfactory progress by their own standards. We saw numerous companies not able to really understand how to use Net Promoter to their success. The first book raised various questions, and many do not yet know how to answer them. Therefore, we felt there was a need for a way of sharing ‘best practices’.

Our challenge, and the motivation for this book, was to identify the actions that companies take to achieve Net Promoter success. Put simply, what has worked? We have examined data from the past 7 years from hundreds of companies that have implemented Net Promoter, with varied

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approaches and equally varied degrees of success. Through an online discussion forum (www.netpromoter.com), we saw 5000 participants exchange ideas on what worked and what did not. We talked with CEOs, line managers, executives and employees to gain their insights and wisdom, studying over 300 benchmarks and 100 'deep dives' or case studies. These people shared with us their trials and tribulations.

Today, Net Promoter is providing insight that companies believe. To the extent that they are making strategic business changes, they are seeing positive growth and profit increase. Net Promoter is an enabler of improvement, but how is this working? How can an organization achieve the transformation benefits it offers?

People struggle to get trustworthy data, but they are a key factor in trying to understand what your customer wants. Thus, it is essential that your Net Promoter program collects data worthy of making business decisions.

MEASURING WHO MATTERS

The measure of trustworthiness is subjective. At Orange, Axel Haentjens observes, 'We make sure that we have the right sample, we ask the right set of questions, and we are able to measure the results in a consistent way with a reasonable level of trust in the results. That is absolutely number one because without that, you cannot suggest to do anything'.

It is true that we hear common themes across customers with regard to making data trustworthy: the information returned must be accurate, reliable and relevant. The path to meeting those criteria is, in principle, simple:

- Targeting the right customers;
- Asking the right questions;
- Asking them at the right time.

THE IMPORTANCE OF A CLEAR STRATEGY

Our research has uncovered an interesting fact. Of the companies that lack a clearly defined strategy for customer loyalty, only 23 per cent were able to capture the voice of the customer in a reliable, relevant and meaningful way. However, 80 per cent of companies that had a well-defined strategy up-front also felt that they had the mechanisms in place to obtain trustworthy data – defining and reaching the right customers, asking the right questions and doing so at the right time.

We believe that the key to ensuring that you speak to the right customers is what we call 'voice according to value' – this means that you need a sampling strategy that ensures that you are receiving representation from key customer segments *according to their value to your organization*. In almost all cases, the right customers will be those who reflect your business and growth strategy. The goal here is not just to maximize customer experience, but rather to optimize the return from your strategic customers. The NPS score itself can even be a tool in customer segmentation, helping you to understand who your most loyal customers are and how to focus your business in the high-loyalty and high-value segments.

In B2B businesses, sampling strategies are more complex, with several contacts having an influence on the buying decision. In this case, the sampling strategy has to ensure feedback from high-value individuals while prioritizing the highest-value accounts across the customer base. A minimum number of contacts should be included consistently at each account to ensure that the feedback is representative.

For B2C businesses, it is often most practical to use a 'sampling approach', in which the goal is to obtain feedback from a targeted subset of customers. However, for B2B, the relationship between your business and the customer

is more layered and complex, and thus a ‘census strategy’ would enable feedback from the largest and most strategic customer accounts, including a number of roles within them as above.

WHAT IS THE RIGHT METRIC FOR YOU?

Once you have targeted the right customers, take the appropriate steps to ask the right questions. NPS has been proven as a reliable measure for correlating customer loyalty with business and financial growth. For Aon Corporation, NPS is the right metric because the organization found that its growth, stock price and NPS all move together. Aon uses NPS to understand issues so that they can be fixed, securing its competitive advantage and improving organic growth.

In certain circumstances, other metrics may need to be integrated. How will these different metrics overlap and work in congruence? This is, of course, an essential question to cover when formulating the strategy for a loyalty program. Ultimately, the information returned must be accurate, reliable and relevant. The path to meeting those criteria is, in principle, simple:

- Is the metric sensitive to changes in business performance?
- Does it link to meaningful customer and financial outcomes?
- Is it actionable at both the frontline and an organizational level?

The quality of data means everything to the success of a Net Promoter program; in fact, it is the lifeblood. Data are trustworthy when they have been collected in a manner that ensures that they are an accurate and reliable representation of your customers and their perceptions and behaviors. If not, they provide a false sense of security.

WHEN IS THE RIGHT TIME?

Determining when to obtain feedback from your customers is of paramount importance. You can adopt a ‘relationship’ approach to collecting feedback that evaluates the experience across multiple touchpoints, including sales, product, service and post-sales. Alternatively, the ‘transactional’ approach will enable you to capture feedback at a particular touchpoint that is most relevant to your business.

Sage Software, a leading supplier of business management software and services, has nearly 14 000 employees who advise almost 2 million customers. Its frontline people manage about 32 000 customer calls every day, plus a global network of 25 000 resell partners and 40 000.

Sage needed to identify loyalty drivers for BusinessWorks, a software product providing full-function accounting for small, growing businesses. In summary, the company initiated this process by holding a brainstorming session for frontline employees to map out a ‘customer corridor’, covering main touchpoints for the customer experience. Afterwards, a cross-functional group of managers narrowed this down and settled on likely loyalty drivers. The process was undertaken systematically by category to gain a holistic perspective of the customer’s experiences.

IN CONCLUSION

The most important insight that I would like to share with you is that thinking about Net Promoter as ‘just a score’ trivializes the implementation of a major corporate transformation and is a sure recipe for disappointment. Net Promoter has to be seen, by all involved, as an enterprise-wide program that applies management disciplines and techniques alongside the appropriate leadership and investment throughout the organization.

It is of utmost importance to ensure that the mechanisms are in place to bring senior executives, cross-functional managers and frontline employees into the program. Communication is key, as is having a ‘champion’ in your firm with real power to effect structural alignment of the business

around the customer. More often than not, this is your CEO. Thus, aim high.

REFERENCE

- 1 Brooks, L. (2009) *Answering the Ultimate Question: How Net Promoter can Transform Your Business*. San Francisco, CA: Jossey-Bass.