



H-Paper

Increase Customer Satisfaction

The H Agency www.theHagency.com

Increase customer satisfaction

The H Agency www.theHagency.com

Anytime you wish to maximize your marketing efforts, the most effective place to start is with your current customers – the people who have purchased or used your product or service in the past and are most likely to use it again. It's been said that a business gets 80% of its sales from 20% of its customers. So, investing time and resources in nurturing existing customer relationships is one of the most cost-effective marketing activities we can do to grow a business.

The H Agency www.theHagency.com

New Orleans: 1055 Saint Charles Avenue, Suite 300, New Orleans, LA 70130 Phone 504-522-6300 Fax 504-524-6359
Houston: 4203 Montrose Blvd., Suite 450, Houston, TX 77006 Phone 713-224-0400 Fax 713-224-6541



INCREASE CUSTOMER SATISFACTION

Fine-tune your marketing efforts, idea number one: There's a simple process that we recommend to streamline your customer research and relationship building to a single question survey. It's called the "net promoter score," or sometimes "the ultimate question."

Net Promoter Score or NPS is a simple system to measure customer satisfaction and solicit referrals using a single question customer survey. It's the brainchild of Fred Reichheld, a partner at the Boston consulting firm Sametrix, Bain & Co. and a pioneer in the study of customer loyalty. The concept was popularized through Reichheld's book *The Ultimate Question*, and has since been used by leading companies worldwide as a method to measure and improve customer loyalty. Here's how it works:

The one question you ask your customers is this: "On a scale of 0 to 10, how likely is it that you would recommend our company to a friend or colleague?" The simplicity of the question is that it focuses on how likely someone is to be an advocate for your business, not on what they think about you.

Then, sort your responses into three groups:

1. **Promoters** (9 and 10)
2. **Passives** (7 and 8)
3. **Detractors** (0 through 6)

The percentage of promoters minus the percentage of detractors equals your net promoter score. For example, a company with 75% promoters and 15% detractors would have an NPS score of 60. The score represents the proportion of customers who are so delighted that they are willing to praise your products or services to others, minus the percentage of those who are unsatisfied for one reason or another.



INCREASE CUSTOMER SATISFACTION

How do you use your score? The purpose of the net promoter score is to provide a snapshot of your current level of customer satisfaction and loyalty. To benefit from it, you have to go a step further, to drive up your score over time by increasing your overall number of promoters and generating new leads through their word-of-mouth referrals. You do this by asking a couple of additional questions to all respondents:

- 1) “May I follow up with you at a later date?” This permission clause is the key to making NPS work. You want constructive criticism from willing customers.
- 2) Next, you contact those who agree to talk and ask one final question: “Why did you give us this rating?”

A powerful number in the right hands. In its simplicity, your NPS score can be a powerful tool. It's a way of effectively capturing how likely customers are to be advocates of your brand. From the responses you receive (from both detractors and promoters), you'll learn what your customers really want from your business. You'll gain insights into your business's shortcomings, uncover areas that need improvement and bring to light what's working and what's not. It may even help you solidify shaky customer relationships that you could be in danger of losing (passives – 7s and 8s).

What's more important than the absolute score is what a company does with it to improve business. For NPS to work you have to take action on the information you receive. The goal is to do more than create satisfied customers; it's to turn them into promoters – customers who actively refer friends and colleagues. That's how NPS contributes to your company's growth. Your net promoter score also gives your company leaders useful information to set measurable objectives and more clearly define your company's mission for the future.

What other companies do with their NPS scores. The NPS system is being used successfully by hundreds of companies of all sizes, including: GE, Franklin Covey, Campbell's Soup, Charles Schwab, Hertz, Home Depot and Motley Fool. Here's how they're using their scores to build customer loyalty and gain word-of-mouth referrals for new business.



INCREASE CUSTOMER SATISFACTION

NPS score as an incentive. One company posts their NPS number everywhere around their offices as a visual reminder for employees and management that customer satisfaction drives profitability and growth. They print it in their annual report, discuss it in planning meetings, and even use it as a screen saver on employees' computers. This company raised their NPS rating from 48 to 63 between 2006 and 2007. At the same time, they experienced a 25% increase in new business referrals and an increase of \$5.5 million in profits.

NPS score as an energizer. Another company lets its sales department follow up with the promoters – the easy group. Their sales force is energized by the positive comments they receive and are reminded what their customers like most about their company, its products and services. The feedback also helps the sales team customize new business pitches to potential new customers by promoting the things that have worked best with existing customers.

NPS as a means to motivate change. In an article in the fall issue of Harvard Business Review, NPS founder Frederick Reichheld makes these suggestions on how to use net promoter scores to motivate significant change within a company:

- **Define responsibility.** Be sure that everyone in the company knows which customers they're responsible for. Then ensure that all business functions – not just market research – own and accept the survey process and results.
- **Make scores transparent throughout your organization.** Show employees numbers from the last survey including the percentages (and names) of customers who are promoters, passives and detractors.
- **Issue the managerial charge** and challenge: “We need more promoters and fewer detractors to grow,” and initiate a plan to use the information from the surveys to positively affect scores.
- **Create a sense of urgency** by tying rewards to score improvement – making customer satisfaction a goal tied to raises and promotions. Example: Enterprise Rent-A-Car made its field managers ineligible for promotion unless their branch or group of branches matches or exceeds the company's average net promoter scores. As a result, the company has seen its survey scores rise, and its growth increase relative to its competitors.



INCREASE CUSTOMER SATISFACTION

Conclusion: This year, implement the net promoter score program at your business. Building great customer relationships is a sure path to growth and profitability.

The benefits of NPS:

- Fits naturally with your existing company personality and processes, and enhances your customers' perception that you are pro-active in finding creative solutions.
- Builds on and solidifies existing customer relationships, improves communications, and can involve all employees in the process of growing customer satisfaction.
- Reveals opportunities for internal growth and improvement.
- Generates more referrals for new business.

For more information: Go to the Net Promoter website: <http://www.netpromoter.com/site/>.

WHAT DO YOU STAND FOR?TM

The H Agency is a branding, marketing and design agency founded in 1990 by owner and creative director Winnie Hart and now with offices in New Orleans and Houston. The company has grown from a local New Orleans design firm into a regional agency that specializes in developing marketing programs and brand strategies for health and wellness companies, though our business relationships also include financial services, real estate and retail businesses.

The “H” in The H Agency stands for the things that make us unique — hybrid, health, heart and helpful. It also stands for the systematic approach, uncompromising principles and unparalleled energy we bring to our work.

For more information about how to make your next marketing project more successful, contact The H Agency, 504-522-6300.

The H Agency www.theHagency.com

New Orleans: 1055 Saint Charles Avenue, Suite 300, New Orleans, LA 70130 Phone 504-522-6300 Fax 504-524-6359
Houston: 4203 Montrose Blvd., Suite 450, Houston, TX 77006 Phone 713-224-0400 Fax 713-224-6541