



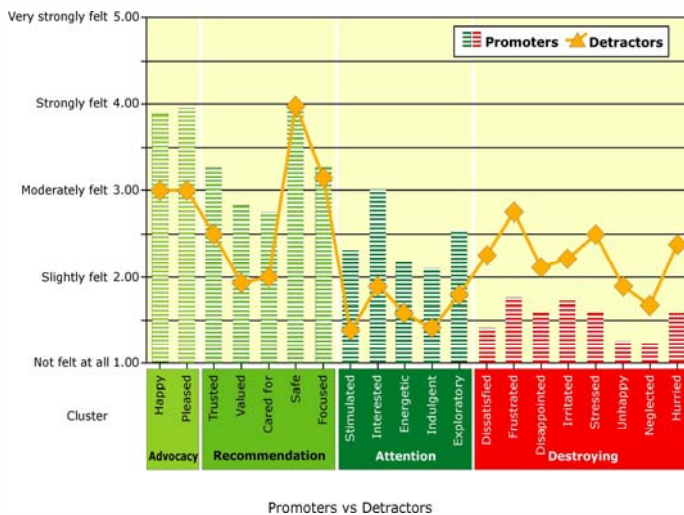
# Driving Financial Performance via Net Promoter®

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As companies began to accept the necessity of a customer focused strategy, customer satisfaction became prevalent as the key performance indicator. However, this became unsustainable when it was discovered that satisfied customers defect as easily as customers that are unsatisfied. This state of affairs posed a problem for customer centricity proponents, one which only became resolved when further research suggested that the Customer Experience is not only composed of the rational elements uncovered by customer satisfaction but also the hidden emotional components.

Therefore, a new measurement was required; one sensitive to the entire Customer Experience especially the emotional. Net Promoter® is that solution and is increasingly being adopted by businesses because it meets both of these criteria.

## Net Promoter® and Revenue Growth



What has captivated board level executives is the strength of the relationship between Net Promoter® and revenue growth. In the 2005 London School of Economics Advocacy-Growth Study, Marsden et al<sup>1</sup> found that Net Promoter® is a statistically significant predictor of annual sales growth.

This predictive relationship also means that we can predict revenue growth resulting from improvements in an Emotional Signature™.

Thus, your Emotional Signature™ helps you understand what needs to change in order to achieve a strong positive Net Promoter® score. More specifically, a comparison of the Emotional Signature™ of your Promoters with that of your Detractors pinpoints what it is about the emotional experience of your Detractors that needs to be addressed.

## The Value Relationship

Emotional Signature™ therefore provides a method for a business to investigate where it needs to improve its Customer Experience to drive more Promoter behaviour among its customers.

Since, success in moving Net Promoter® has been shown to relate directly to increased revenue growth, the relationship between Emotional Signature, Net Promoter and revenue growth means that business leaders now have the tools available to them to address that most elusive part of the Customer Experience, the emotional half.



This is a powerful relationship for any Customer Experience proponent to use and answers key questions such as " *What do we need to focus on to improve our Net Promoter®*" or " *What changes are required to our customer experience to add X amount in additional revenues*".

<b>Key Question</b>	<b>Solution</b>
<b>What other customer measure can we use? Our satisfaction scores are fine but we continue to lose customers</b>	<b>Institute Net Promoter as a key measure.</b>
<b>What do we need to focus on to improve our Net Promoter?</b>	<b>Compare the Emotional Signature of your company versus the competitor that customers prefer.</b>
<b>What changes are required to our customer experience would result in additional revenues of \$X amount?</b>	<b>Determine your Emotional Signature and then run Signature Scenarios to see the financial effect of improving your Emotional Signature in various ways.</b>
<b>How can we improve? We are already market leaders but we are not complacent - we want to stay that way.</b>	<b>Compare the Emotional Signature of your Promoters and your Detractors.</b>
<b>What should we do to convert our Passives to Promoters? Our Net Promoter is high but we have a relatively few Promoters and Detractors and a large number of Passives.</b>	<b>Compare The Emotional Signature of Passives with that of Promoters</b>

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<sup>1</sup>Paul Marsden, Alain Samson & Neville Upton, Advocacy Drives Growth: Customer Advocacy Drives UK Business Growth, London School of Economics, September 2005.