

Getting Customers to Promote Your Company

Most managers understand that customer loyalty drives growth and profits. And yet some companies, in the way they treat their customers, appear to be using the wrong management tools for this job. Why is that?

It's because most of the measurement and management systems that we've built in our businesses today are based on profit and not on measuring and managing growth.

One recent study has looked at the correlation between growth and customer satisfaction, and found there is none. Think about this. We strive for customer satisfaction and yet it does not contribute to growth! What then is the secret to growth?

Consider this. The only way to grow a business is to get customers to come back for more **and tell their friends**.

We looked at the results of one simple experimental survey. It was based on one question that sought to explain growth. "Would you recommend us to a friend?"

This was compared with survey results gained from classic questions: How satisfied were you? Does this company set the standard of excellence? And guess what? Growth was associated, not with high satisfaction, but the willingness to recommend the company to a friend.

Looking at a dozen different industries, it was the same result. The conclusion? High scores for "Would recommend to a friend" is the best predictor of growth and profits.

If we look even more closely, we find that on a scale from 0 to 10, customers who rate a company 0 through 6 are detractors. Not only are they not going to grow the business, but they complain to the frontline employees; they tell customers that this is not the kind of place that you want to do business with.

It's really those customers who rate highly (9s and 10s) who are the promoters of the business. These customers are responsible for all the growth and responsible for all the goodwill. By putting these things together and taking the number of promoters minus the number of detractors, there is a measure that actually does explain growth in most competitive industries.

If we just look at that one simple measure, the number of promoters minus the number of detractors, you actually have a very practical way of measuring and managing growth.

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You could ask your own customers, "What's the likelihood you'd recommend us to a friend or colleague?" and get responses on the scale of 0 to 10. You might be surprised that the average company in the US, the median, has only 11% positive net promoter scores. These are the same companies that are seeing their market research results give satisfaction scores ranging from 85% to 90%.

Those companies with average satisfaction scores tend to show 11% net promoter scores. The survey concludes that the one measure you need to grow is not satisfaction; it is the number of promoters that you have in excess of the number of detractors. To sit with the best, this number would need to be at 83%. **Something to aim for.** But be warned, it could be as low as -41% if you mirrored the worst.