Using Net Promoter for Internal Customers

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Overview

Originally developed for use with external customers, organizations are increasingly trying to adapt the concept of Net Promoter Scores for internal customers so they have one overarching metric they can apply across the entire organization. This short report outlines the basic approach, key issues and considerations for doing so.

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What is Net Promoter Score (NPS)?

- NPS is a widely used measure of customer satisfaction with a company, product, service or brand.

- Its beauty is its apparent simplicity: It requires answering just one question:

Q: On a scale of 1-10, How likely are you to recommend _____ to a friend?

PROGRESSIVE ®

Virgin media

"The beauty of NPS is that it's a common language— you don't have to reinterpret it to the different people you're talking to."
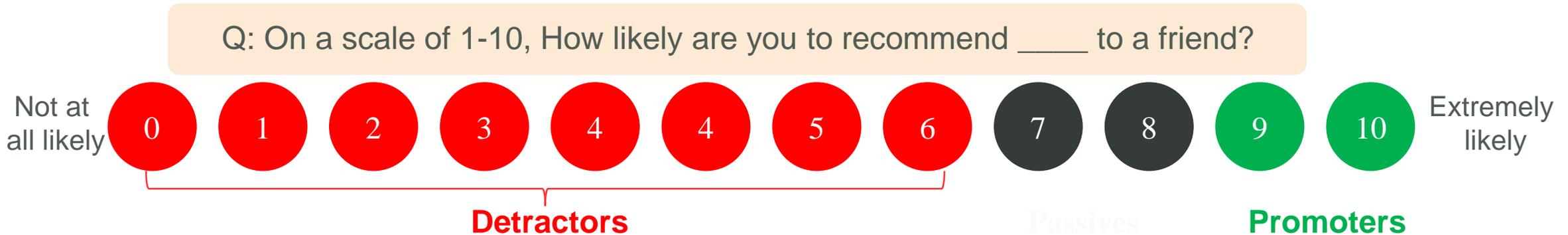- Glenn Renwick , CEO, Progressive Insurance

"NPS is a simple concept to understand and rally around, but it means different things to different layers of the organization. Senior leaders are most impressed by the economics of NPS. The front line are most excited about the cultural impact."
- Neil Berkett, CEO, Virgin Media

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What is Net Promoter Score (NPS)?

- The score is calculated by subtracting the percentage of respondents classified as Detractors from the percentage classified as Promoters

Q: On a scale of 1-10, How likely are you to recommend _____ to a friend?

Not at all likely 0 1 2 3 4 4 5 6 7 8 9 10 Extremely likely

Detractors   Passives   **Promoters**

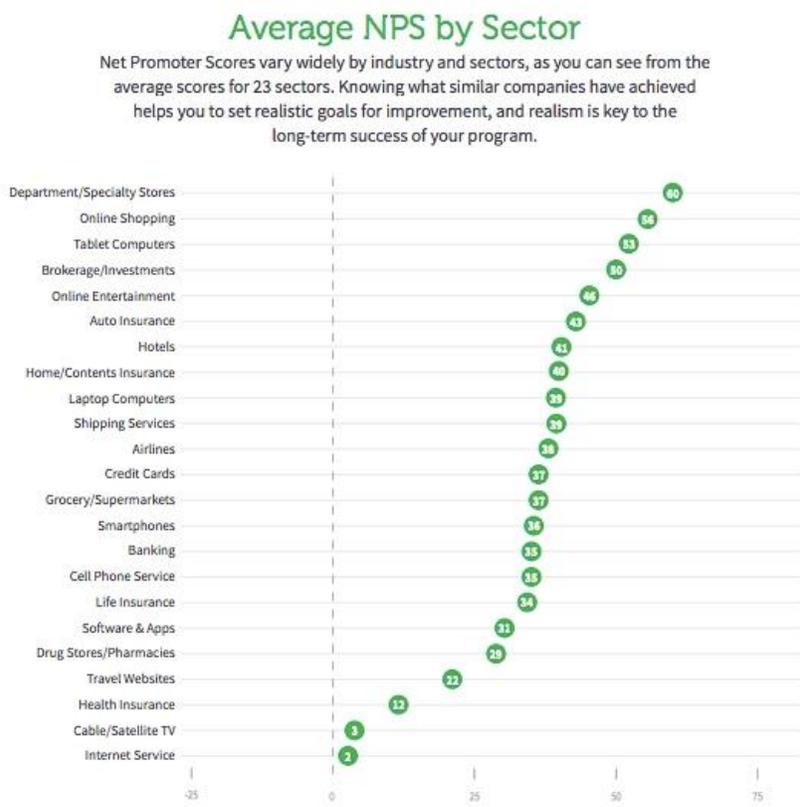| How Do I Calculate NPS?	**NPS** = **% Promoters** – **% Detractors**
	(Add 9's 10's) (minus) (Add 0's through 6's)

What Does it Mean?	Scores range from **-100** to **+100** Higher scores indicate **stronger** and **more profitable** customer relationships

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What's a Good NPS? It Depends!

- Interpretation of results varies widely by industry and segment. The strongest consumer brands have NPS's of 80 or higher; many successful brands have lower scores (20-50).

Average NPS by Sector

Net Promoter Scores vary widely by industry and sectors, as you can see from the average scores for 23 sectors. Knowing what similar companies have achieved helps you to set realistic goals for improvement, and realism is key to the long-term success of your program.

NPS Leaders by Sector

Congratulations to the NPS leaders for each sector.

Source: Satmetrix 2017 Net Promoter Benchmarks

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What are the Keys to NPS Success?

- NPS contributes to significant performance improvements when:

1. **Senior Leaders are Personally Engaged**: Embracing the improvement of customer loyalty through the Net Promoter system makes it a mission-critical priority.

2. **Closed Learning Loops Are Created**: Hardwiring NPS customer feedback into key decision processes up and down the organization creates closed loops for driving improvements. Successful users fully integrate it into the fabric of daily and monthly priorities.

3. **Treated as Cultural Change and Growth Journey:** Companies organize the Net Promoter initiative as a journey not just as a short-term program or initiative. They understand that NPS must touch every part of the organization to succeed in generating profitable, sustainable growth.

Apple store employees know where they stand among their peers in terms of NPS and where their store stands relative to the rest of the stores in the region. They know that the score is telling them how they are doing on their mission to enrich lives. Employees discuss Net Promoter feedback at every opening shift huddle
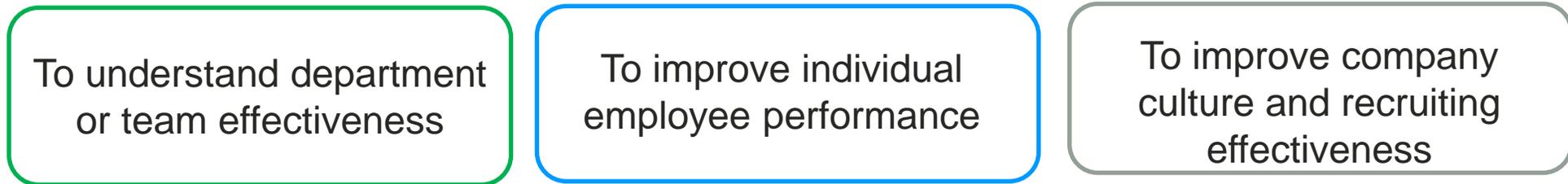
Virgin Media launched NPS with a workshop run by the CEO and several colleagues for the top twenty executives. It covered the economic rationale for the initiative and the cultural realignment that would need to take place. They decided to make NPS an important element of the company's balanced scorecard and to link it to executive bonuses.

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Why use NPS with Internal Customers?

- Departments or Business Units that support and serve other departments or business units find NPS a useful tool for understanding internal "customers", including:
  - HR/Employee Support
  - Recruiting and Hiring
  - Digital/IT Support
  - Corporate Marketing

Types of Internal NPS Goals

| To understand department or team effectiveness | To improve individual employee performance | To improve company culture and recruiting effectiveness |

Not at all likely (0) (1) (2) (3) (4) (4) (5) (6) (7) (8) (9) (10) Extremely likely

Detractors **Passives** **Promoters**

What are Appropriate NPS Questions for Internal Customers?

NPS Wording for Most Common Internal Use Cases

1 If your goal is:	To understand department or team effectiveness	To improve individual employee performance	To improve company culture and recruiting effectiveness
2 Ask this question:	*Q: How likely are you to recommend **(department or BU)** to a colleague?*	*Q: Based on your recent experience with ___, how likely are you to recommend **him/her/the team** to a colleague?*	*Q: How likely are you to recommend **(department or BU)** as a place to work?*
3 Of these audiences with this frequency:	Ask your most senior contacts in customer departments quarterly	Ask every internal customer after each interaction	Ask every internal customer annually

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What are Good Follow-up Questions?

- Follow-up questions provide context to NPS scores and can enhance the actionability of internal customer feedback.

Follow up Question	Purpose/Actionability
1 *Q: Which of the following aspects of your experience with (team name) most affected your rating? (Select all that apply)*	• Tracking key drivers of (dis)satisfaction. List should be consistent over time and aligned with the goals of the team/BU.
2 *Q: Please explain the **primary reason** behind this rating. (Comment box)*	• Opportunity to hear from internal customers in their own words. • Crucial input for understanding individual customer relationships.
3 *Q: May we contact you to follow-up on your feedback?*	• Provides the basis for celebrating successes. • Enables team to address shortcomings and mitigate damage promptly.

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What about Timing?

- Timing depends on whether measures are periodic or triggered by specific events or transactions.

Event/Transaction-based NPS	**Periodic NPS**
• Identify the trigger for emailing a survey, and automate it if practical	• Quarterly or Annual – too frequent measures risk annoying customers
• Compiling the results and identifying/assigning follow up action items on a regular basis is typically part of an administrative team member's job.	• Incorporate into the cycle of the regular business review process
• Follow up phone calls for scores of 6 and below are the responsibility of the individual's manager as is sharing the results with the relevant team member.	

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What does the Output Look Like?

Team/Department **Effectiveness** Results

	Overall		Customer Department 1		Customer Department 2	
Number of Surveys Sent -->						
Number of Responses -->	188		28		54	
Response Rate -->	15%		15%		15%	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
We provided the service you expected (yes or no, #)	176	12	26	2	49	5
We provided the service you expected (yes or no, %)	94%	6%	93%	7%	91%	9%
The agent was helpful	89%	6%	89%	4%	89%	9%
I would recommend the HR Support Center	89%	6%	89%	4%	89%	9%
Index for last two questions	89.1%	6.4%	89.3%	3.6%	88.9%	9.3%
NPS (last question)	83.0%					

Favorable: 9 or 10

Unfavorable: 6 or below

Question 1: Did we provide the service you were looking for? (yes/no)

 Question 2: How helpful was our service representative? (0-10)

Question 3: How likely are you to recommend our services in the future? (0-10) **THIS IS NET PROMOTER SCORE QUESTION**

Question 4 *(optional)* : Please provide any observations or comments you may have.

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What does the Output Look Like - 2?

Individual **Performance** Results

FY18 Performance	Number of Responses	Capability 1	Capability 2	Capability 3	Capability 4	No Rating <6	With <6 Rating	NPS
						N/A	N/A	
Employee 1	32	7.81	8.06	8.13	7.88	59.38%	40.63%	28.13
Employee 2	2	10.00	10.00	9.00	9.00	100.00%	0.00%	100.00
Employee 3	14	8.50	9.14	8.83	9.43	85.71%	14.29%	58.33
Employee 4						N/A	N/A	
Employee 5	6	10.00	10.00	9.67	9.00	100.00%	0.00%	100.00
Employee 6	10	8.20	8.20	8.40	7.60	70.00%	30.00%	30.00
	11	9.45	9.27	9.09	8.55	72.73%	27.27%	72.73
...	9	9.78	9.56	9.56	9.78	100.00%	0.00%	88.89
	4	7.50	8.00	8.00	7.00	25.00%	75.00%	0.00
						N/A	N/A	
	23	9.00	9.55	9.27	9.27	86.96%	13.04%	77.27
						N/A	N/A	
						N/A	N/A	
						N/A	N/A	
	50	9.63	9.59	9.55	9.63	98.00%	2.00%	89.80
	17	8.59	9.00	9.06	8.59	76.47%	23.53%	58.82
	30	9.59	9.59	9.52	9.53	90.00%	10.00%	86.67

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Common Implementation Issues

Issue	Risk/Solution
• **Collecting too frequently**	• Risks annoying colleagues/internal customers. NPS as a brand health metric generally does not change quickly.
• **Tying NPS scores to singular experiences or interactions**	• Risks over interpretation; NPS more suitable for aggregate impressions over multiple touchpoints/experiences
• **Combining results of different types of internal customers**	• Aggregating risks making tracking changes difficult if mix does not remain constant.
• **Too few responses**	• Risk of mistaking statistical 'noise' as significant; for small small numbers of internal customers, NPS scores should always incorporate a follow up question for context.
• **Changing question wording**	• Even seemingly minor changes in wording or emphasis (bolding, italicizing some words) can impact comparability of results over time.
• **Turnover in internal "customers"**	• Meaningful NPS hinges on respondents having knowledge of and/or experience with the internal department's service.

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FAQs & Best Practices

FAQ	Best Practices
• **Who should we ask?**	• Anyone considered a "customer"– typically people with direct experience using the products or services your team provides. Departments with a large number of customers may focus on those that represent the bulk of their business. • For larger internal customer groups, focusing on key decision makers or influencers is sometimes preferable.
• **How many people should we ask?**	• Sample sizes of <50 people can fluctuate with the changes not being statistically significant or meaningful. • Small samples are useful for understanding a point in time. • Consistent trends (positive or negative) over multiple data points add greater confidence, *but require larger sample sizes due to noise in both measures.*
• **How often should we ask?**	• **Event/Transactional NPS**: Teams who collect NPS routinely (e.g., after every project) might consider aggregating NPS data by date range or team member/group • **Relationship NPS**: Quarterly (or twice yearly) reporting is sufficient for most use cases; more frequent measurement may be sensible for high touch/volume teams or BU's

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FAQs & Best Practices - 2

FAQ	Best Practices
• **What is a 'good' Net Promoter Score?**	• There is no "good" number – the point is to set your baseline, take action to improve it and track it over time
• **How quickly can NPS change?**	• Sustained, meaningful movement in a team's NPS typically occurs over quarters (or years), not weeks or months. Individual NPS ratings can change faster.
• **What 'segments' or customer groups should we be tracking?**	• Varies by team or BU; most often based on customer type or level, project type, or team sub-groups.
• **Can we add other questions to an NPS survey?**	• Yes, adding 1-2 questions to the end of a NPS survey can help address a team's specific questions and provide insight into the reasons or importance for a particular score. Keep the survey short to enhance completion rates, and avoid changing the the core NPS questions to ensure comparability.
• **What survey tools are available?**	• Free survey tools, including Survey Monkey and Google Forms, as well as Microsoft 365 Forms are straightforward and easy to program. They provide output in excel format.

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How do we Get Started?

Planning	Data Collection	Information Sharing
• Choose NPS goal and key NPS question (slide 8) • Identify audience and frequency of surveying and/or trigger events • Determine additional questions • Program and test survey (several free options available) • Determine follow up process and responsibilities • Agree on timing, process and reporting format for sharing data with your team	• Distribute NPS survey to appropriate respondents and collect results • Follow up within a week by phone, email, survey with all detractors (score of 6 or below) • Compile NPS feedback (original survey and follow up)	• Share consolidated report and implications with your team • Share employee-specific results with individuals privately • Create one page recap to include in regular business reviews

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Want Additional Help or Information?

Additional NPS Resources

http://www.bain.com/publications/articles/applying-the-net-promoter-system-to-internal-customers.aspx

https://www.linkedin.com/pulse/4-ways-internal-service-providers-can-use-net-drive-dave-o-reardon/

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