

# How The Net Promoter Score Is Like Global Warming

NPS Often Leads to Handwringing *and Inaction* – Sept 14, 2015

by John Goodman, Vice Chair, CCMC and Scott M. Broetzmann, President & CEO, CCMC

Adam Alter, Assistant Professor of Marketing & Psychology at NYU's Stern School of Business, recently opined that global warming is a perfect storm of "threat-by-stealth." [huff.to/1F4GZnQ](http://huff.to/1F4GZnQ) He notes that, despite the overwhelming agreement among experts that humans contribute to global warming and its apocalyptic impact, it very often remains a "political afterthought." Summarizing his theory about the psychology of ignoring such a super-threat, Alter suggests that global warming's "murky consequences aren't vivid enough to impress our distracted brains."

**And so it is with many corporate customer experience metrics like the Net Promoter Score (NPS).** I summarize our logic below – read the whole paper at this link. [bit.ly/1LsGlX6](http://bit.ly/1LsGlX6)

## Simple Is Usually Not Actionable

Oversimplified measures all too often fail to embolden leadership to act on the impending doom and disaster that accompanies a mediocre customer experience.

Many companies have been quick to adopt NPS and similar global indices describing the customer experience. Such "overall" measures are alluring in the C-suite. A single number or index is uncomplicated to calculate, easy to understand and simple to promote in and outside of the organization. They nicely fit into the strategic dashboards that are now popular. However, in many of these same companies, the executive group fails to take action. Why the disconnect?

## Three Reasons NPS And Similar Metrics Often Induce A State Of Complacency

1. **NPS as an indicator may be too general to capture the attention and imagination of the organization.** As the average temperature of the ocean or CO2 levels are to global warming so may NPS be to the customer experience. It may well be a leading indicator of impending malaise, but it's not close enough "to home" and probably doesn't apply to a particular executive's "neighborhood" or function.
2. **NPS may not promote accountability because it's not tied to specific phases of the customer lifecycle or individual functional areas of the organization.** So, as there are many factors and processes that contribute to global warming, likewise there are multiple sources of customer dissatisfaction and disloyalty. In the absence of further reliable diagnostic data about the customer experience, NPS permits a leader to "rationalize" that his or her functional area's contribution to the overall problem is small.
3. **NPS doesn't create an economic call to action that is credible to Finance and Marketing.** While satisfaction metrics are necessary to diagnosing opportunities to improve the customer experience, they can sometimes be insufficient. NPS which can be only generally tied to loyalty and has seldom been converted into quantified estimates of customers lost, revenue at risk per month or cases of negative word of mouth.

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## A Complementary Approach That Fosters Action

Addressing these fatal flaws of an orthodox NPS approach is simple but not easy. We advocate that any use of NPS be supplemented by the use of three corrective “measures.” These complementary metrics and processes are powerful techniques for helping any organization overcome the “hypnotic trance” that the use of NPS alone can typically induce. The three compensatory analytical techniques include:

- The Market Damage Model which quantifies the monthly revenue and word of mouth damage of not preventing each of the types of problems customers are encountering
- A proper key driver and sensitivity analysis – shows the improvement you can achieve and payoff of addressing each issue so you can identify and act on a few quick wins and demonstrate impact
- A commitment to formal action planning – creating accountability and a short term and long term action plan

For the extended discussion, come to my two sessions at Salesforce.com's Dreamforce in San Francisco this week and/or see our full paper on our website, [customercaremc.com](http://customercaremc.com) or @jgoodman888 or at [bit.ly/1LsGlx6](http://bit.ly/1LsGlx6)