

## Promoters Grow Revenue

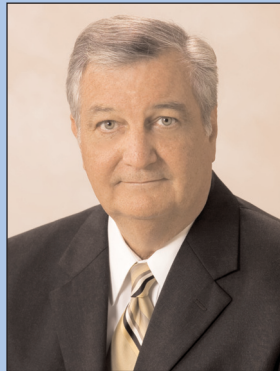
**D**uring difficult economic times we have a tendency to just cut costs rather than also aggressively seek ways to increase revenue. This is the time, unlike any other, to invest resources in programs that will improve service, build loyalty, and secure new customers.

If you do not have a formal system for measuring customer service and likelihood of referral, you have a problem. The problem is two-fold:

1. You probably have service delivery issues that are negatively affecting your customers that you don't know about.
2. You probably are missing opportunities to get new customer referrals from your existing customers. A referral from an existing customer has the highest likelihood of conversion to revenue.

Frederick Reichheld, Director Emeritus of Bain & Company, who has written extensively about "customer loyalty", carefully researched the relationship between customer loyalty and revenue growth. He concluded that "if growth is what you're after, you won't learn much from complex measurements of customer satisfaction or retention. You simply need to know what your customers tell their friends about you." If you have not read the Harvard Business Review that summarizes his research, *The One Number You Need to Grow*, e-mail me and I will send you a copy.

Reichheld promotes use of the "ultimate question" in customer



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satisfaction measurement, which is: How likely is it that you would recommend Company X to a friend or colleague? The response scale is 0-10 with a 0 or 1 response considered "extremely unlikely", a 5 response considered "neutral", and a 9 or 10 response considered "extremely likely". Respondents are grouped in the following categories, based on their response; Detractors (0-6), Passive supporters (7-8), and Promoters (9-10). I would characterize the behaviors of each of these groups as follows:

### ■ Detractors

- Tell everybody they can how bad you are.
- Will organize to destroy your business.
- Will cost a company significant service and marketing dollars to overcome.
- May have been satisfied with the product, but got horrible service.

### ■ Passive Supporters

- Will refer your company if someone asks.
- Have to be satisfied with both the product and the service.

### ■ Promoters

- Will refer your company without being asked.
- Have to be extremely satisfied with both the product and the service.

You don't have to think too long or hard to understand that it is to your advantage to have a Service Recovery Program in place to respond to Detractors and that you must have a well defined and effectively implemented Service Excellence Program in place to generate Promoters. Furthermore, our clients tell us that measuring the percentage of Promoters is a critical leading indicator of revenue.

This is the time to critically review how well your customer satisfaction measurement system is working and the effectiveness of your Service Excellence Program. Investments in these areas will increase customer loyalty and drive revenue.

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