

Is the Net Promoter Score* an effective replacement for an organisation-wide Employee Opinion Survey?

In short: No.

An Insync Surveys white paper

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The Net Promoter* methodology uses an outside-in approach. It involves asking people external to your organisation a simple question: “How likely is it that you would recommend us to a friend or a colleague?”

The concept was developed by loyalty business model expert Fred Reichheld of Bain & Company and looks at the link between customer satisfaction, customer loyalty and profitability.

On the other hand, Insync Surveys’ Employee Opinion Survey uses an inside-out approach. We have a 20 year heritage of asking employees what they think helps achieve results for organisations.

The following paper looks at the differing purposes of Net Promoter* and the Insync Surveys’ Employee Opinion Survey.

What is the Insync Surveys Employee Opinion Survey?

The Employee Opinion Survey (EOS) allows your leadership team to measure and understand what helps your organisation achieve continual improvement and results. It features 52 statements to effectively measure if your people and processes match your organisational needs to compete effectively in your industry. It also looks at the level of unity behind organisational improvement and how you rate against comparable organisations.

Insync Surveys then delivers reliable and valid information about your employees’ perceptions of how your organisation works to achieve its goals while reporting on questions that link your results back to ongoing improvement and performance.

The EOS gives your leadership team actionable results. First, it identifies what employees think about their working lives at your organisation. Then, it identifies the main things that can help achieve desired individual or team outcomes (i.e. the key drivers of performance). Our thorough analysis then reveals if your organisation’s attempts to improve certain aspects of your work environment and culture, like the standardisation of processes, are actually working.

After multiple surveys, historical data is established allowing your improvement initiatives to be tracked over time. Your results are also benchmarked externally which adds context to your survey results and positions you relative to similar organisations in your industry.

Does the EOS represent best practice?

Yes. Industry research cited by the British Quality Council established a link between employee opinion diagnostics and financial performance. When used as input into strategic decision making, the EOS can improve organisational profitability, lead to higher growth and enhance operating efficiency. Additionally, the information gained from the EOS can be used to implement strategies to increase employee satisfaction, which has been linked to increased staff loyalty, commitment, productivity and customer orientation. Links have also been made between high levels of staff satisfaction and lower levels of employee turnover, absenteeism and apathy.

Your EOS can be used as an input into strategic decisions, such as structural and cultural change. These things take time to gather momentum because major strategic change often needs to be supported by more detailed analysis, a commitment to continuous improvement, quality and measurement. That's why the benefits of using EOS show through in the medium to long term. This is supported by research that indicates if an organisation has effectively implemented major organisational strategies identified to address staff concerns or improvement priorities, its share price is expected to be as much as 34% higher than its competitors over a five year period (British Quality Council).

The leadership team's commitment to using information gained from your EOS will improve the probability of making the right decisions that will positively impact your bottom line.

What is a Net Promoter Score* (NPS)?

The NPS* is a simple score obtained by identifying your percentage of promoters minus your percentage of detractors by asking an organisation's customers one question: "How likely is it that you would recommend us to a friend or a colleague?"

For example, if 50% of your customers respond with a 9 or 10 (out of a possible top score of 10), and 30% respond 0 - 6, your company's NPS* would be 20%. Scores of 7 and 8 are ignored.

This means that 20% of your customers would be willing to act as an advocate for your organisation. Reichheld's work has shown that customers who are promoters are more likely to recommend a company than those who are detractors.

Does the NPS* represent best practice?

Yes. Research conducted by Reichheld indicates that this simple metric can be linked to a company's growth rate. In fact, research suggests that on average a 12 point increase in the NPS* corresponds to a doubling of an organisation's growth rate (p.73, MIT Sloan Management Review, 2006, Vol 47(2)). This shows that the quality of customer relationships positively influences the success of a business.

Organisations using an NPS* metric usually aim to increase their score. Strategies may be aimed at addressing detractors, shifting the passives into the promoter sphere, and/or finding additional promoters. Reichheld's research suggests these strategies can positively influence a company's growth rate.

However, the NPS* does not provide insight into why the detractors aren't enthusiastic about a company. It does not identify the drivers of customer engagement, and what strategies need to be employed to shift passives into the promoter space.

In effect, the NPS* provides a simple outcome measure of how satisfied and loyal your customers are.

What are the key differences between the EOS and the NPS*?

The EOS provides your leadership team with a 'roadmap' of where to direct organisational improvement initiatives and change. Considering its benchmarked and long range framework, the EOS also provides your organisation with a valid and reliable tool to assess the impact of organisational efforts and improvement initiatives.

On the other hand, the NPS* can provide your organisation with a single measure of customer satisfaction and loyalty.

Recommendations:

- Use the Insync Surveys EOS annually to establish the drivers of employee satisfaction/commitment. Based on the survey results, implement strategies to increase employee satisfaction/commitment and monitor improvement over time using targeted pulse surveys.
- Implement the NPS* and link your scores with critical drivers of your organisation's performance.

We hope you found this Insync Surveys white paper by Dr Erika Szerda, a senior Research Project Managers, valuable.

Dr Erika Szerda is a registered psychologist and expert in 360 degree feedback and organisation alignment based surveys to improve organisational performance and the working lives of their people.

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