



WORK HEALTH GROUP

Discussion Paper:

What do a toaster, holidays and injury management have in common?

The NPS – and its relevance to the personal injury and disability management sector.

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Introduction

In the past few months I have bought a toaster, some children's shoes, and booked a holiday. In each case, the retailer sent me a follow up email which included the same question:

“How likely is it that you would recommend (retailer name) to a friend or colleague?”

That simple, stand-alone question is the one that is used to determine a company's 'NPS' or Net Promoter Score. The 'NPS movement' appears to be gaining momentum and the use of NPS is becoming more common within the personal injury and disability management sector.

The Work Health Group is committed to achieving optimal outcomes for our customers, with a priority being to support those most vulnerable due to inability to, or challenges with, sustaining appropriate work. We want to create an exceptional customer experience throughout their journey with our services.

Recently we have started to use the NPS to gauge customer satisfaction. Despite this increasing usage across the industry, what NPS is, how it is measured, and its origins are perhaps not well understood by the majority of us.

This paper attempts to provide a summary of the literature relating to the NPS, including the impetus for its development, how it is applied and calculated and what the results really mean. A couple of examples from within the Work Health Group are also described to aid the understanding of NPS and to highlight benefits and potential limitations of using the NPS within the personal injury and disability management area.

As always, I appreciate your feedback and input into the discussion.

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Why NPS?

Try to envision what goes on in a client's head. Think about their opinions, thoughts, and feelings towards your brand. To do this, you would possibly consider how they feel about your communication, general quality of service provision, and perceived benefit to them. It's not easy to combine all those thoughts together into one.

NPS has been designed to do this – to provide a quantifiable number that represents the qualitative perceptions of your customers. The NPS is quick to complete and easy to understand for the client, and gives an organisation 'emotionally driven consumer data' which is easy to interpret, compare, and analyse for the user organisation. It is the only measure of its type.

What is the NPS?

Essentially, the NPS is a management tool for gauging customer satisfaction. It is reached by gathering the responses to a single question:

“How likely is it that you would recommend our company / product / service to a friend or colleague?”

Background to development

The NPS was developed by Fred Reichheld, a business management consultant and partner at Bain & Company in the US. He was working with companies interested in customer and employee loyalty and the link to growth and profit. He developed the Net Promoter Score in 2003 with the vision that “the quantification of the extent of customer loyalty could help companies achieve results”.

He worked with companies to not only apply the Net Promoter **Score** to build customer and employee loyalty, but also engagement and commitment. From 2011 the NPS moved beyond just a measure, to become a **System** for transforming organisations. The Net Promoter System is essentially 'closing the loop', i.e. considering what can be done better, and making adjustments and re-testing effectiveness through a follow-up Net Promoter Score.

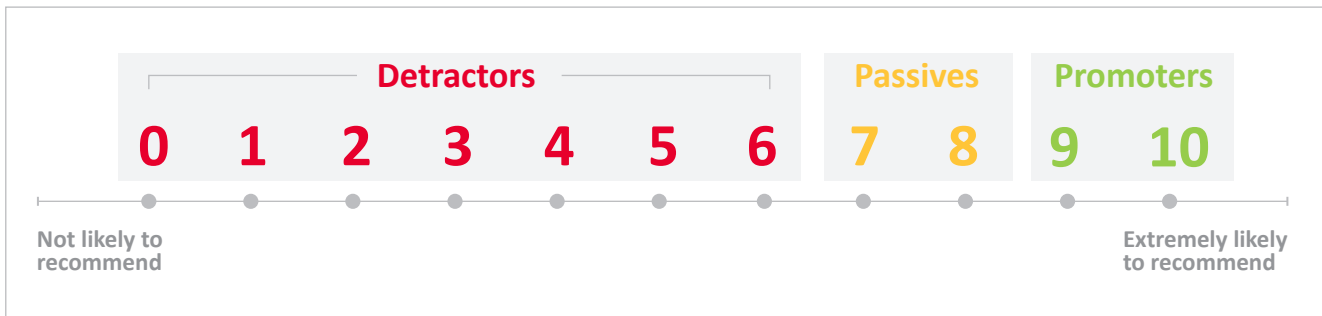
There are many ways to measure customer satisfaction and loyalty. However, Bain and Company summarise the key benefits of the NPS over other measures as:

- its simplicity,
- ease of administration,
- history and learnings from others, and
- adaptability to various settings.

My experience using the NPS leads me to agree with these points, and I will share more of the Work Health Group's learnings from using the NPS later in this paper.

Calculating the NPS

The scoring for the single item is based on a 0 to 10 scale, with 10 being the most likely to recommend.



The Net Promoter Score is calculated by subtracting the percentage of customers who are **Detractors** from the percentage of customers who are **Promoters**.

$$\% \text{ Promoters} - \% \text{ Detractors} = \text{NPS}$$

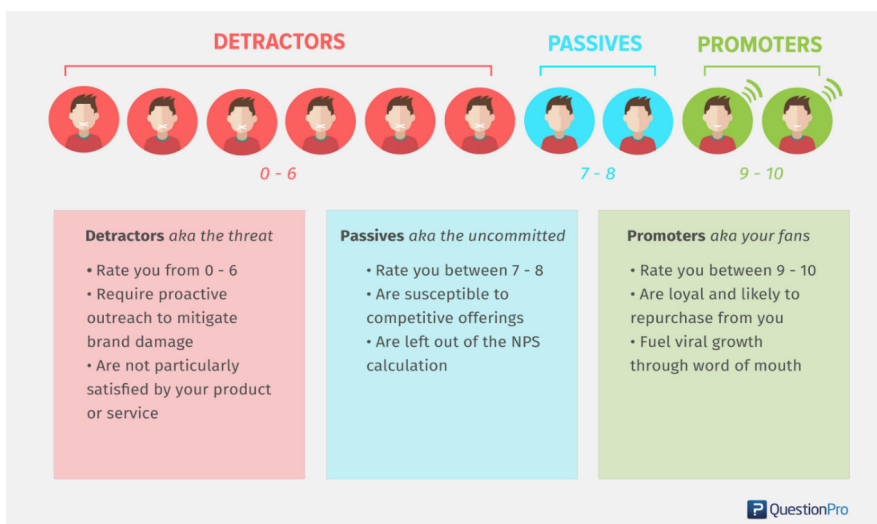
- The NPS ranges from -100 (*all detractors*) through to +100 (*all promoters*)
- **Passives** (those scoring 7-8) only count towards the total number of respondents
A larger number of passives decreases the percentage of detractors and promoters and pushes the net score towards zero

For example:

- Sample size of 210
- 100 promoters, 30 passives and 80 detractors
- The NPS would be +9.5%
- This means there are 9.5% more promoters than detractors

Understanding how the NPS is calculated makes me appreciate that the NPS is quite a tough measure – especially as people often ‘sit on the fence’ and might score a 5 or 6. The NPS will classify these people as Detractors. To get a relatively high NPS you really need Promoters, or people satisfied sufficiently with the services you have provided to warrant them scoring you a 9 or 10.

The diagram below¹ provides a nice summary to better understand Detractors, Promoters and Passives.



¹ <https://www.questionpro.com/blog/questionpro-net-promoter-score-best-practices/>

Tips

- There is survey software available that will calculate the NPS for you when set up correctly
- We have used Survey Gizmo (www.surveygizmo.com) and Qualtrics (www.qualtrics.com)
- You might choose to use Excel to help you with the NPS calculations and data analysis

Is our NPS good enough?

Consideration of whether your NPS is good enough must acknowledge that scores vary enormously by industry. (Fitzgerald & Markey, 2017).

- Certain industries tend to attract more detractors, for example utility companies, telecommunications, and banking. For these industries just obtaining an NPS > 0 is often an achievement!
- As a general rule of thumb, Bain & Co suggest a score of 50 to 80 is considered very good or even outstanding, again, depending on the industry
- Anything above 20 is realistically considered favourable as described by Karl Treacher, Chief executive of The Brand Institute of Australia and a behavioural analyst

Unfortunately, reports of NPS scores and benchmarks specifically within personal injury, disability management and healthcare sectors more broadly, are few and far between. A more recent Australian and New Zealand NPS industry-wide benchmarking report suggested that in Australia we should aim for an average of 30 to be considered above standard (The Perceptive Group, 2017); however, this should be interpreted in context.



Some Australian NPS results

BEST

NPS 20 – 30

BEST HEALTH INSURERS

NPS around -5

(Bain & Co NPS consumer survey, December, 2012)

These Australian examples clearly show the challenge related to industry, particularly for those of us working in healthcare, insurance, or injury / disability management.

Work Heath Group’s initial experiences with the NPS

The first application of NPS metric within the Work Health Group customer segments took place from late 2016 to mid 2017. This involved incorporating the NPS item within the atWork Australia (DES) Customer Satisfaction Survey.

Customer Satisfaction Survey

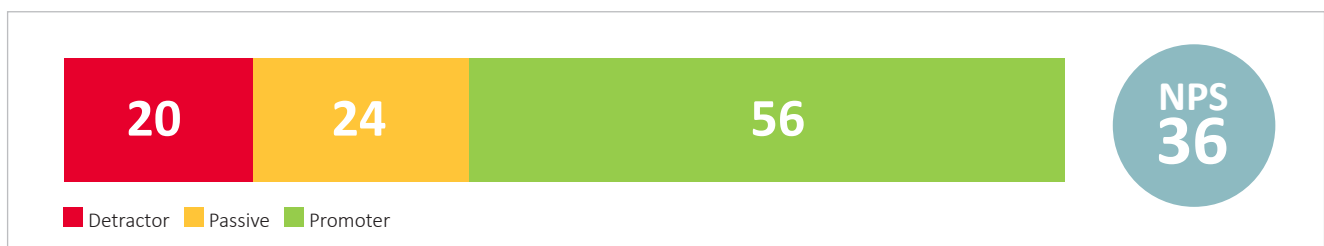
atWork Australia is charged with assisting individuals with physical disabilities, injuries and mental health issues find appropriate work by offering job seeking programs tailored to individual needs and interests. atWork Australia is a key service provider for the Australian Government’s Disability Employment Services (DES) initiative that aims to improve the outcomes and employment prospects for people with disability across Australia. The DES population varies enormously in terms of their unique needs and challenges. DES individuals are also known across the industry as being quite difficult to engage when implementing customer satisfaction surveys and obtaining constructive feedback.

Driven by recognition of the unique needs and challenges of the DES population, the Work Health Group decided to use an innovative approach for a recent atWork Australia customer satisfaction drive. The customer satisfaction survey was designed to obtain an indication of client satisfaction with atWork Australia DES service delivery, and was undertaken at a few regional offices. To reach more people at selected regional areas, touch screen tablets were made available in the reception areas to collect data from a brief six item survey. These tablets presented the standard (non-NPS) survey items in a way that aimed to appeal and engage – emoji icons were used to illustrate the range of available responses to each item from ‘strongly disagree’ to ‘strongly agree’. This ‘opportunistic’ sampling resulted in high response rates and enabled atWork Australia to gather substantial data (103 clients across three DES sites) over a short period of time, from 16th December 2016 until March 14th 2017. Subsequently, the results were analysed and feedback responded to by implementing changes as required to the service delivery offerings.

The specific NPS question used within the atWork Australia customer satisfaction survey was:

“Based on your experience today, how likely are you to recommend atWork Australia to someone you know?”

The survey results show that 56% of the survey sample can be categorised as Promoters, and 20% as Detractors (see below).



atWork Australia: NPS = 36

When asked to explain their NPS rating, the comments provided by the survey respondents indicated that individuals found the staff and service helpful, supportive, respectful, efficient.

It should be noted that when considering the cohort that we’ve surveyed I was surprised by such a positive result – not because I doubted the service quality provided by our teams, but because high NPS scores are so rare – particularly as published in any related sectors (as described previously). Our Research & Innovation team double checked the sampling methodology and scoring to ensure that the NPS was accurately calculated – and it was. Also of note is that the responses to other questions we asked were consistent with the positive NPS.

Conclusions and next steps

The NPS has been recognised as a tool in the injury management sector that has the potential to provide valuable information about service provision. The experience across the Work Health Group with using the NPS has been a positive one. The NPS does appear to meet the primary aims as outlined by its developers, Bain & Co: to provide a simple way to quantify customer satisfaction. Our experience is that the single question is easy to administer and appears to be easy to answer. Where the NPS is applied as part of a broader customer satisfaction survey, the NPS score seems to be aligned to and consistent with the feedback obtained by the other, non-NPS questions, which provides some comfort in its meaningfulness.

Regulators and Insurers, particularly in workers compensation are beginning to apply the NPS to gauge the satisfaction of injured workers toward various service providers, including occupational rehabilitation.

The Work Health Group will continue to utilise the NPS, as part of a broader customer service strategy to continually improve our service provision to those Australians who need our support the most. Why and how you should move beyond 'just the score' and begin to consider the Net Promoter System to guide efforts to improve customer satisfaction, loyalty, and in turn positive business growth will be covered in a follow-up paper.

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