

## How Are You Calculating Net Promoter Score®?

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Thanks to books, articles, conferences, and countless success stories, the “likely to recommend” question has become one of the most widely adopted customer loyalty metrics in the world. In fact, nearly every company we partner with uses the Net Promoter System as a guiding philosophy to create a differentiated service experience and fuel growth. But when it comes to calculating the actual Net Promoter Score, we’ve found that companies often employ different methodologies to arrive at a score.

We all know the simple calculation of the score: the percentage of Promoters minus the percentage of Detractors. However, often overlooked are certain complexities with respect to which respondent scores should be included, and how to account for multiple respondents from a single customer account. Before calculating your “company level” Net Promoter Score, you’ll want to assess various approaches to dealing with these questions and carefully consider how each may impact your results.

Furthermore, the decision about which approach to use depends heavily on who your business serves and what your survey population looks like. Is your business consumer-oriented (B2C) with thousands of customers, or are other businesses the primary buyers of your products or services (B2B)? If the latter, does your survey population consist largely of End Users or administrative contacts? Are Decision Makers or Influencers adequately represented?

These are the some of the biggest considerations to keep in mind before determining how to calculate your Net Promoter Score. However, one rule stands above the rest - when you analyze your survey results it is critical that your process and methodology remain as consistent as possible every time.

Now, let’s take a look at three methodologies commonly adopted by companies (caution: not all are created equal):

### Counting All Responses

With good intention, some companies count all responses when calculating the score. This is likely the right approach for B2C companies, but for B2B businesses, it has its drawbacks and should be employed with caution.

For starters, the resulting score can be skewed toward the larger population of End Users, while deemphasizing the sentiment of less numerous Decision Makers – those who have the greatest authority to decide the future of the relationship with your company, and may ultimately be in a position to actually recommend your company given their stature. Your resulting score can also be disproportionately influenced by customers who simply responded to your survey in greater numbers (i.e. - 5 responses from company A versus 1 response from company B). If you believe, as we do, that each customer has equal potential to damage or enhance your company’s reputation through word of mouth, your company level score should probably award equal weighting to each individual customer and not skew the numbers toward those customers with more respondents.

Of course, none of this is to say the responses from each respondent are not important – they most certainly are. The feedback you receive from all contacts (whether Decision Maker, Influencer, End User, etc.) is valuable and should be considered when making decisions regarding your product roadmap, features / functionality, resource allocation, service delivery model, etc. However, our view is that your Net Promoter Score – the primary indicator of the health of your business, the number you will likely be sharing with the entire company, trend over time, and may even use to hold leadership accountable – should take these nuances into account.

### Averaging All Responses

Another approach is to simply gather responses from Decision Makers, Influencers and End Users to derive an average score per customer. This score will be used toward calculating



the company level Net Promoter Score and will partially mitigate over-weighting your users and skewing the score toward customers with more respondents. However, while each customer engagement only counts once, End Users may still heavily influence the score if their population size is significantly larger than the rest. This approach also requires “rules” of whether an average of 8.5 rounds to 8 (Passive) or 9 (Promoter).

### **The Waterfall Method**

The waterfall method is generally our preferred approach for calculating company level Net Promoter Score within B2B companies. This method avoids the various over-weighting drawbacks by counting only one response from each unique customer engagement toward your score. Ideally this would be the Decision Maker. Why? This is the person who has the most influence over whether the customer continues its engagement with your company. If the Decision Maker doesn't respond, the score from the next most “important” person is counted (usually the Influencer).

With this approach, it's important to have contact roles clearly identified (Decision Maker, Influencer, End User, etc.) before fielding your survey. This will prevent “cherry-picking” the most favorable responses to derive your score and also enable you to evaluate loyalty among the different customer groups and look beyond your primary Net Promoter Score.

### **Don't Lose Sight of What Really Matters**

While establishing the right calculation method is important, so is drilling down, segmenting, and identifying actionable insights from looking at the data in various ways. Take full advantage of your customer data by evaluating satisfaction and loyalty across revenue, tenure groups, geography, product categories, front-line staff, sales people, and more. While all of this analysis can be a bit tedious, the insights obtained will undoubtedly help inform important strategic, operational, and roadmap decisions.

We strongly believe that Net Promoter is more than a metric; it's a culture-shaping endeavor that, when adopted, keeps your company focused on listening to customers, acting on feedback, and educating employees on the key drivers of customer satisfaction.