



## Tektronix finds surprising results from Net Promoter Scores

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The issue over which marketing benchmarks to use has become a simple one for Martyn Etherington, VP- marketing at Tektronix, a Portland, Ore.-based manufacturer of test and measurement equipment. As a market leader, Tektronix didn't see a lot of upside in many of the activities and metrics that track customer acquisition. Rather, its goal became figuring out where growth could come from the business it already had.

The company certainly was motivated. Like many others, Tektronix suffered in the 1990s after a period of diversification followed by consolidation and retrenchment. But the company survived the high-tech bust and emerged looking for growth that was more organic and solid.

To that end, Etherington in 2006 began to focus on one decidedly low-tech metric he became convinced could help Tektronix grow: analyzing customer loyalty as indicated by their Net Promoter Score.

The score, a concept developed by customer loyalty expert Fred Reichheld and popularized by his book "The Ultimate Question," suggests a business can gauge its customers' loyalty—and, significantly, their potential business—by asking the question "How likely is it that you would recommend us to a friend or colleague?"

"What we found was, some of our customers whom we thought we had absolute water-tight relations with, the Net Promoter Score indicated otherwise," Etherington said. "In other cases, it went off the scale."

Working with Laura Patterson, president of VisionEdge Marketing, Etherington surveyed Tektronix's top 40 accounts, subtracting the percentage of “detractors” from promoters to get an overall NPS number. The company also focused closely on the NPS results of individual customers.

#### A SIMPLE QUESTIONNAIRE

Etherington's main tool was a simple questionnaire, probing with other questions (besides the ultimate one) underlying reasons for particular responses; follow-up phone conversations delved deeper.

Today, the process has been institutionalized at Tektronix. The ultimate question is asked of certain visitors to the company's Web site, after technical support tasks are completed and following sales closings. NPS numbers are reviewed monthly within Tektronix's four global regions, and deeper studies are conducted each quarter. A simple nod to automation is in the form of dashboards, which track the NPS results.

“Everything green is great, and things that are red we jump on with phone calls and counter measures,” Etherington said. “Actually, the discipline and accountability are primary, the tool is secondary. I'm happy with spreadsheets and duct tape—anything that can give us answers.”

Since NPS results didn't quite square with internal expectations, Etherington said, there was some skepticism and defensiveness, in particular from salespeople who sometimes viewed low NPS results as direct criticisms of their own job performance.

“But that wasn't where we wanted to go,” he said. “We wanted to make sure this never was meant to be punitive, but rather as indicators for future growth.”

Now that its largely manual measurement phase is complete, the company has begun work with customer experience management firm Satmetrix to implement a more automated process to track

exactly where performance can be improved and detail the complexities of its customers' propensity to provide more sales in every area of their own operations.

“We have shown above-market growth over the past two years in those customers that have higher Net Promoter Scores,” Etherington said. “And we’re working to get more of the average scores to move right, to find where the problems lie. As for the very lowest, those customers just may not be good fits for us.”

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