



Net Promoter Score: How to Discover How “Referable” You Are

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Referrals are 35% more likely to do business with you and will give you 25% more of their assets than an un-referred prospect. Many experts recommend making yourself more “referable.”



But first you need to measure how referable you are.

Do you currently know your referral quotient? Many RIAs wonder why they don’t get more referrals. Many also question why more folks don’t just call them. They spend thousands on building a better brand. They advertise on TV and radio hoping potential clients will respond by picking up the phone.

The answer lies in discovering how referable you are before you spend any more money on PR.

Many companies pay hundreds of thousands of dollars creating and distributing surveys to find out how their clients think. Less than 5% of the surveys are returned, and even less if a reward is not given. But now, you have a tool to find out how your clients think about your relationship and how “referable” you are. It’s called the net promoter score (NPS).

Fred Reichheld, a partner at the global consulting firm, Bain and Company, spent a decade searching for a simple way to measure why some clients become raving advocates and others are just simply satisfied.

Here is how to implement NPS. First, ask your clients to rate you on a scale of 0 to 10 on the question, “How likely is it that you would recommend us to a friend or colleague?” Then sort the responses into three groups: **promoters**, 9s and 10s; **passives**, 7s and 8s and **detractors**, 0 through 6.

The percentage of promoters minus the percentage of detractors equals your score. If you have 75% promoters and 15% detractors, you have an NPS of 60. This means your “refer-ability” is only 60%. As a rule, anything above 50% is good. But referrals don’t come consistently unless your score is above

75%. One important consideration is to offer this survey only to your A and B clients. These are the clients you most want to target for referrals.

Your goal is to constantly drive the NPS up by asking two follow-up questions:

1. Why did you give us that score?
2. How can we raise that score?

For every 10% increase you gain in your NPS, your net income will increase by 10%. Below is an example of an NPS form.

Net Promoter Score

How likely are you to recommend our firm to a friend or colleague? Please circle the number that best represents your view.

Lowest 1 2 3 4 5 6 7 8 9 10 Highest

Why did you give us this rating? How specifically can we improve your score?

One of my RIA clients sent an NPS rating sheet to his A and B clients. His NPS was 50. When he asked the question “Why did you give us this rating,” many clients responded with the fact that they only heard from him once a year. When they answered the question “How specifically can we improve your score?” many clients asked to be called once every three months.

When he implemented these three-month phone calls, his NPS increased and referrals started flowing. His NPS increased to 90 and advocacy (incoming referrals) started to flow as well. His income increased by 75% all within six months.

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