Book review

The Ultimate Question: Driving Good Profits and True Growth

Fred Reichheld

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Focusing on for-profit businesses, the book highlights the importance of customer loyalty to the sustainable growth of an organisation. The author presents a new type of measurement — the Net Promoters Score (NPS) — which is mainly focused on customers' experience. NPS relies on companies asking their customers just one simple question, '*the ultimate question*'. NPS is a fairly new concept, introduced by the author in 2003 based on the idea of calculating a single number, the 'Net Promoter Score', which could be used as a measure to drive long-term growth.

The book is divided into three parts: why the ultimate question works, how to measure response, and becoming good enough to grow. In the first part, the author starts with a discussion on how NPS distinguishes bad profit from good profit. He suggests that bad profit generates detractors for the company, while good profit creates promoters. This is followed by a discussion on discovering the ultimate question, which asks 'on a scale of zero to ten, how likely are you to recommend the company to friends or colleagues?' Based on responses to this question, customers are classified as 'promoters', 'passive', or 'detractors' and the NPS is calculated by subtracting detractors from promoters. Further discussion by the author reveals

that successful implementation of NPS measure is not as simplistic as it may initially appear. Success also entails organisations ensuring other areas of performance, such as developing organisation capability and investment in employees, are taken into consideration.

In the second part, the author discusses why existing customer-satisfaction surveys fail. This discussion is guided by what the author claims are the top ten reasons for failure. He supports these claims further by building an argument on how to avoid pitfalls of customer-satisfaction surveys. In this section the author offers some practical tips, such as linking survey results to economic results, targeting the right customers to respond to the survey, and creating surveys that satisfy the customer, for example, responding to customers to inform them of action taken as a result of their feedback. Overall, the author is very critical of existing customer satisfaction surveys. For this reason, the book may give readers the impression that this is the case with most customer-satisfaction surveys. Hence, additional evidence to support arguments against customer-satisfaction surveys may be needed. One chapter of this section is dedicated to explaining the rules of measurement. In this chapter, the author offers a practical guide outlining

what should be considered when implementing NPS. The author also highlights potential areas where problems may arise in the measurement, and makes suggestions as to how these should be tackled.

In the final part, the author develops his ideas further and makes interesting suggestions on how organisations could build a better relationship with their customers and drive their NPS higher. He does this by giving directions on how organisations can design customer-winning strategies to transform 'detractors' to 'promoters', by earning the loyalty of employees before the loyalty of customers, and developing a community of promoters to drive innovation.

In conclusion, the author presents a rational argument that is readable, stimulating, and easy to follow.

Furthermore, the inclusion of numerous examples and case studies make this an engaging book. However, on balance, especially for the academic audience, the book might benefit from a more comprehensive discussion and illustration of methodological issues, to support the claim that NPS can lead to true profit and subsequently long-term profit. This book may be more suited to drawing practitioners' attention to issues of customer loyalty and measuring customer satisfaction. It should also be of interest to everyone wishing to keep up with developments and new ideas in marketing.

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