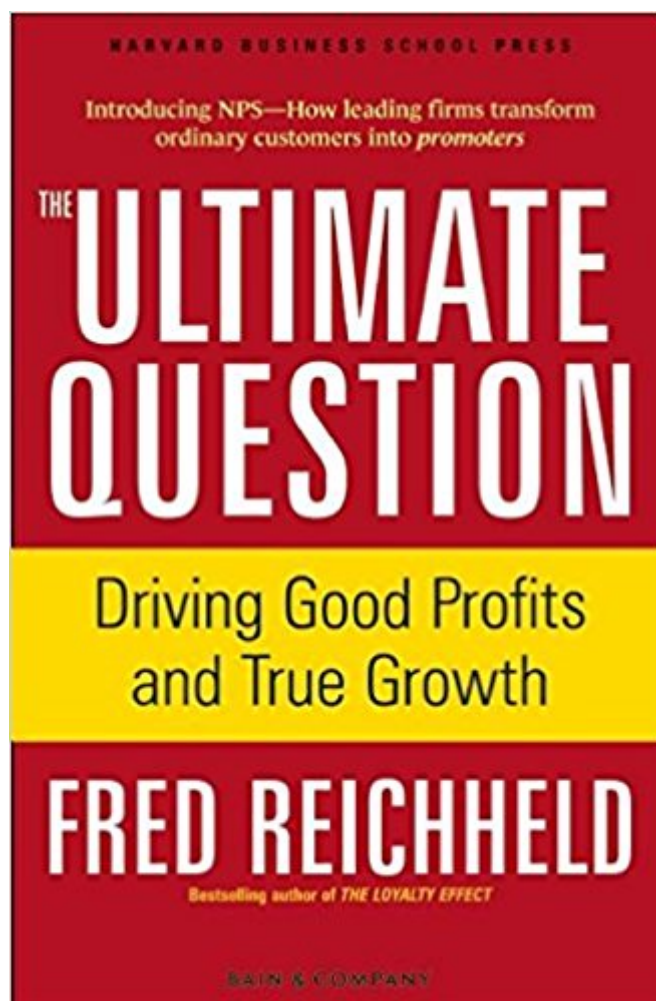


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# The Ultimate Question: Driving Good Profits And True Growth



## Synopsis

CEOs regularly announce ambitious growth targets, then fail to achieve them. The reason? Their growing addiction to bad profits. These corporate steroids boost short-term earnings but alienate customers. They undermine growth by creating legions of detractors - customers who complain loudly about the company and switch to competitors at the earliest opportunity. Based on extensive research, "The Ultimate Question" shows how companies can rigorously measure Net Promoter statistics, help managers improve them, and create communities of passionate advocates that stimulate innovation. Vivid stories from leading-edge organizations illustrate the ideas in practice. Practical and compelling, this is the one book - and the one tool - no growth-minded leader can afford to miss.

## Book Information

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## Customer Reviews

Almost everyone appreciates the importance of customer satisfaction in business, but this book takes that idea to two extremes. First, it claims that customer satisfaction is more important than any business criterion except profits. Second, it argues that customer satisfaction is best measured by one simple question, "Would you recommend this business to a friend?" Pressure for financial performance tempts executives to seek "bad profits," that is, profits obtained at the expense of frustrating or disappointing customers. Such profits inflate short-term financial results, Reichheld writes, but kill longer-term growth. Only relentless focus on customer satisfaction can generate "good profits." One unambiguous question, with answers delivered promptly, can force

organizational change, he claims. Reichheld makes a strong rhetorical case for his ideas, but is weaker on supporting evidence. The negative examples he gives are either well-known failures or generic entities like "monopolies," "cell phone service providers" and "cable companies." When presenting statistics on poor performers, the names are omitted "for obvious reasons." On the other hand, the positive examples are named, but described in unrealistically perfect terms. Believable comparisons of companies with both virtues and flaws would have been more instructive. (Mar.)  
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Among management books, this one's a keeper. -- The Washington Post

Great follow-up and complement to *The Loyalty Effect*. Find the secrets to getting meaningful feedback from customers and other stakeholders whose opinions and feedback you need to hear. But first, the book also recaps the whole premise of building a loyalty-based culture...the virtues and the challenges, which requires a fundamental understanding and acceptance of the idea of good profits vs. bad profits. If you feel that all profits are created equal, don't bother with the book, just go try to wrangle as much from customers as you can. Maximize price and minimize cost. But if you believe (or could be convinced) that true profit maximization means maximizing the lifetime profitability of each relationship (whether with customers, employees, investors, etc.), then you will likely buy into the good profit / bad profit concept. Beyond that, the book provides an in-depth review of the flaws inherent to most surveys and feedback channels. The single biggest flaw...adverse selection. If you are not getting feedback from a representative sample of your target population, don't be surprised when it is very skewed (up or down). What really matters when it comes to loyalty is whether or not someone has or will recommend you to others. If yes, great! Why? If not, uh-oh...why not? If you can get focused on the answers to those questions, you'll discover a LOT about your business and how to make it better.

If it was author Fred Reichheld's intention to generate discussion and debate around the benefits of customer loyalty then this book has proven to be the ideal way to achieve that. Look at the variety and range of perspectives offered by the reviews and articles this book has generated and the emotions attached. So, if you want to understand the hype you have just got to read the book and make your own judgment. But it really depends on what perspective you bring to the opening pages. I 'buy in' to the argument that loyalty is great for business, so I found the book easy to read and understand and incredibly helpful. The argument is well crafted and supported, and with

enough `detail' and case studies to support and reinforce my point of view. The underlying concept being that every organisation has both `detractors' and `promoters' and the objective of every company should be to grow the number of promoters whilst eliminating detractors. Those organisations with many more promoters than detractors tend to be more successful than others. But many simply don't buy into the underlying premise that building customer loyalty is achievable, even desirable, in today's business environment. I'm not sure that this book will change their perspectives. Much of the data could be described by some, as `soft', `open to misinterpretation' even questionable but it is certainly an intriguing proposition. Then of course, there is the whole concept that by merely asking one question - The Ultimate Question - will give you a useful insight into the health of your company. Is it really that simple? Make your own judgment. For me though, The Net Promoter Score is a useful measure that has application in most industries and could be a terrific lead indicator. Would I `bet the farm' on this as the only measure? I don't think so! Do I want to know the ratio of my company's Promoters to Detractors? You bet.

A fresh and easy insight into customer satisfaction. If you have little time or money but need to put a plan in place, this is the place to start. It's an easy way to compare dept to department. I've used this for year when I had no money, no time and no experts to help me. NPS is the gold standard but I'd encourage you to add Word of Mouth Index for an even clearer picture.

We currently use the Net Promoter Score concept at the Glass Doctor, but I wanted to get a better understanding of the theory and development of the approach. The view that there are good and bad profits, and good profits are driven by great customer experiences is the foundational principle for the book. The Net Promoter Score, a measurement of how likely (net) your customers are to refer you to their friends, family and colleagues has proven to be the "ultimate question". A good result there should translate into sales and good profits. The challenge, as it is in most business applications, is the accurate gathering and analysis of the data. Reichheld gives some examples, and also some pitfalls on this front. Bottom line - if the tools are available, this seems like a powerful tool for the business owner and manager.

An inspirational read to improve your company's performance. Related case studies with thought provoking writings; whether your business is doing well or struggling, this is a must read.

The Ultimate Question by Fred F Reichheld is a book that will give pleasure in reading when read by

a person that enjoys success stories about interesting company's after reading this book you will have a good understanding of the NPS theory which makes this book usable in a professional way as well. The book explains very well with a lot of examples but doesn't give an answer to the question how you should apply this in your business. For this purpose the Book Answering the Ultimate Question by Richard Owen and Laura L Brooks PhD is very usable and highly recommended by me for managers who want to work with NPS.

The key to this book's central idea is that you can REPLACE a large handful of other questions with this single question, so people will actually give you feedback. With a longer set of questions, you only get answers from people who enjoy filling out questionnaires! With this single powerful metric, you can watch your company go toward or away from customers. I plan on aiming part of my business in this exciting direction.

Big company or small, the customer is King and the most successful CEOs invest in communicating with their customers and put real time processes in place to monitor their customer loyalty. This book describes the Ultimate Competitive Advantage and how to implement it.

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