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**To:** Fay Twersky, Lindsay Louie  
**Cc:** Melinda Tuan  
**From:** Valerie Threlfall  
**Re:** Brief Review: Use of NPS To Gather Beneficiary Feedback In the Nonprofit Sector  
**Date:** August 7, 2015

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This brief/concept note seeks to summarize some key insights acquired from talking with nonprofit organizations that are at the forefront of applying the Net Promoter System<sup>SM</sup> (NPS<sup>®</sup>) to the beneficiary context. The goals of this brief are 1) to summarize some of these organizations' early experiences with applying NPS to gather feedback from those they are seeking to help and 2) to highlight some of NPS' strengths as well as potential challenges that will need to be addressed through Listen for Good. Nonprofits interviewed for this project include a range of entrepreneurship, membership, and direct service organizations. Select interviewees include: Acumen Fund, Boardsource, Boy Scouts of America, Center for Effective Philanthropy, Endeavor, Feedback Labs, GlobalGiving, Keystone Accountability, LIFT, and The New Teacher Project (TNTP). Of the 16 organizations interviewed, 10 are piloting NPS surveys with beneficiaries. Importantly, it is an informative but limited sample.

#### **WHAT IS NPS<sup>®</sup>?**

Net Promoter System<sup>SM</sup> (NPS<sup>®</sup>) is a concept created by Bain & Company that is based on gathering and benchmarking customer feedback to the question: "How likely is it that you would recommend [X company] to a friend or colleague?" on a 0 to 10 point scale. The standard NPS approach also asks an open-ended follow-up question: "What is the reason for your score?"<sup>1</sup>

An organization's NPS score is calculated by taking the percentage of promoters (those who answer a 9 or 10 on the question) less the percentage of detractors (those who answer 0 to 6). Active users of the NPS system typically examine feedback in each category, conduct root cause analysis to understand the reasons behind the detractor experiences in particular, and close the loop with customers so they know the organization heard their perspectives. NPS scores can be transactional (about a specific interaction or product) or relational (about the overall experience of an organization or product). Both are valuable to different people within an organization.

Analysis completed by Bain & Company suggests that the NPS question is one of the top two predictors of actual customer purchasing behavior and that the recommendation question is a positive predictor of long-term growth for companies – which has helped to position NPS as the "ultimate question" in many customer feedback circles.<sup>2</sup>

That said, the NPS approach—like any methodology—is not without its detractors. Some of the theoretical critiques of the NPS system are that it:

- Assumes that low scorers are "active detractors" who will disparage a brand, which may not be the case.

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<sup>1</sup> Organizations in both the for-profit and nonprofit domains are experimenting with different qualitative prompts.

<sup>2</sup> Reicheld, Fred and Rob Markey, *The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer Driven World*, Harvard Business Review Press, 2011.

- Omits data (specifically, the people who rate 7s and 8s) as a core part of its methodology.
- Oversimplifies dimensions of interest. According to a primary critic of NPS: “A good measurement of customer satisfaction should provide enough information so that it can be used to make decisions and change the business conduct. The information provided by the Net Promoter score might be too simplistic to be sufficient for real effective adjustments.”<sup>3</sup> Similarly, some feel that NPS fails to capture the full breadth of sentiments one cares about among customers or other user groups.
- Finally, some people question the rigor of the research upon which NPS is based, as they have not been able to replicate the findings in their own research.<sup>4</sup>

It will be important to keep some of these critiques of the overall concept of NPS in mind in designing Listen for Good. However, one must recognize these critiques, while valid, have failed to deter the rapid popularization of the NPS framework. More than 200 leading companies from Apple to Southwest Airlines to Intercontinental Hotels routinely use NPS to assess their performance.<sup>5</sup>

### **OVERALL STATE OF THE FIELD: NONPROFIT USE OF NPS TO GATHER BENEFICIARY FEEDBACK**

The use of NPS among nonprofit organizations as a means for gathering feedback from those they are seeking to help (i.e. beneficiaries) is still quite nascent. More common is for organizations to use NPS to gather feedback from constituent groups like donors or volunteers, whose recommendations are core to growing an organization. Indeed, many organizations interviewed for this project began their use of NPS with volunteers and donors and have only recently begun experimenting with applying NPS to the beneficiary context. Early adopters include Acumen Fund, Ashoka, Boy Scouts of America, Endeavor, GlobalGiving, Habitat for Humanity Greater San Francisco, LIFT, and The New Teacher Project (TNTP). Among these organizations, there is a great diversity of experience and some valuable lessons for the field. Some organizations are still working on getting the mechanics of data collection and ongoing feedback systems fully implemented. Others are working to determine if NPS is the right question for them, while some have already found significant value from the framework and are taking steps to spread its adoption across their organizations and using it to inform and change internal practices.

### **PERSPECTIVES ON NPS UTILITY**

When asked about its pros and cons, interviewees cited a number of core strengths of the NPS system – in particular, they like its simplicity, its ease of implementation, and its potential for benchmarking. Areas of continued debate include the ability to apply NPS universally across all beneficiary contexts as well as the ideal wording of the NPS question for this unique setting. The utility of NPS, based on a limited analysis of those using the framework, seems to vary based on: the power dynamics embedded in the relationship between the nonprofit provider and beneficiary; the cultural context; and to some degree, the level of provider “choice” among beneficiaries. NPS seems particularly useful for nonprofit organizations where the “distance” in terms of power dynamics between provider and beneficiary is limited, and where clients or beneficiaries feel empowered to share their opinions. In addition, for

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<sup>3</sup> Sargeant, Adrian and Kevin Schulman. “Measuring Donor Loyalty.” *Nonprofit Pro*. Napco Media, January 1 2013. Accessed July 6 2015, <http://www.nonprofitpro.com/article/measuring-donor-loyalty-beyond-net-promoter-score/1/>.

<sup>4</sup> Ibid.

<sup>5</sup> Bain & Company, “Companies Using NPS.” [www.netpromotersystem.com](http://www.netpromotersystem.com)

membership organizations that depend explicitly on a referral model for growth, as in the case of the Boy Scouts of America, NPS seems to have tremendous value.

The jury is still out, however, about how to most effectively apply NPS to especially disenfranchised beneficiaries in circumstances with limited choice of service providers, who have very basic literacy challenges, or who may not feel situated to make recommendations to their peers given their own perceptions of lack of individual agency. In addition, in select communities domestically and internationally, there may be some cultural biases to contend with in terms of norms affecting survey responses. Determining these “outer bounds” of NPS’ utility are challenges that the field is continuing to wrestle with daily through the pioneering work of groups like GlobalGiving and Acumen Fund.

### **BENEFITS OF NPS**

Interviewees described multiple benefits of using NPS with beneficiaries:

- **It’s simple.** In adopting the NPS framework, many organizations have moved away from asking lengthy surveys that contain interesting but relatively un-actionable data and become ardent endorsers of shorter, more real-time surveying that allows them to quickly engage in conversations internally and with beneficiaries about how they could improve. As one interviewee commented, “We will probably never have as customized a survey as we had in the past, as we weren’t really using the data that we had. Now, with one question, we are actually using the data.” Some interviewees further describe that the NPS framework is particularly relatable for constituents like Board members and donors to understand which makes it valuable.
- **It has the potential for benchmarking.** Interviewees consistently described their desire for comparative data against which they could benchmark their performance, and NPS’ potential in this regard. Benchmarking has two primary benefits: first, it helps an organization make sense of their data and determine whether they are truly superlative or average and relatedly, having effective benchmarking data inherently helps mediate the positive bias that implementing organizations see in their data. To this end, some interviewed organizations are starting to segment data internally and compare responses across sites, regions, and respondent demographics – in essence, creating internal benchmarks for comparison.
- **Qualitative data.** In general, organizations are finding as much or more value from the follow-on qualitative questions than the quantitative NPS question. One interviewee described that “when [we] began using NPS, the achievement was to get a high score. Now, [we] are moving into closing the loop and implementing the feedback.” The qualitative data the organization has gathered through the NPS system has been key in enabling this evolution.

### **LIMITATIONS OF NPS**

Interviewees also cite some limitations in using NPS for beneficiary feedback. However, many of these challenges are not endemic to the NPS question, are shared with broader efforts to capture beneficiary perspectives, and can be mitigated with effective survey and analysis design. As Fund for Shared Insight advances Listen for Good, it will be important to keep these issues in mind and correct for them wherever possible.

- **Positive bias.** Almost every organization I spoke with described that they see positive bias in their NPS data – meaning that responses tend to be very affirmative and cluster around the top end of the survey scale. This clustering makes it very hard to do combined analysis with any

other variables and makes it hard to interpret results. Creating benchmarks, internal or external, is one of the best ways to manage against potential responder bias.

- **NPS question and response scale can be hard for beneficiaries to understand.** Some interviewees noted that in some cases, respondents may not feel positioned to “recommend” an organization, particularly when they have limited choice in a marketplace. In addition, some groups, particularly those with beneficiaries who have very low literacy levels, expressed concern that beneficiaries may not understand a 0 to 10 scale. These same organizations, many of which work internationally, described concerns that the recommendation framework is culturally specific and may be hard to translate across countries.
- **Challenges with interpretation.** Given that NPS is historically a loyalty measure, some interviewees do question the logic of applying the NPS question to beneficiaries in all contexts. One interviewee described that she is not looking for “promoters” fundamentally – rather, she is interested in identifying which people do well in her program which is distinct from the NPS framework. To this end, NPS’s long-term value may be that it provides a system and approach for initiating beneficiary feedback loops and leads organizations to ask beneficiaries about other specific client progress indicators they care about.

Finally, while not specific to NPS, a challenge that implementing organizations face is getting members of their organization “bought in” and using NPS to drive change. The “toughest work is building the culture,” one interviewee stated. Having effective technical assistance, resources, and organizational learning opportunities such as those being developed by Feedback Labs, Fund for Shared Insight, and Keystone Accountability are key for helping build organizational competence in developing and using feedback loops to make more informed decisions.

## CONCLUSIONS

In reflecting on the feedback gathered over the past few months, I think there is clear promise for the Listen for Good initiative. People are excited about the principles associated with NPS and many organizations are finding great value in its application to their work. To advance learning, however, we need more organizations to be experimenting with the methodology. Gaining a broader sample of implementing organizations through Listen for Good will help expand the adoption curve, allow us to test NPS’s possibilities (and limitations), and gain a deeper overall understanding of its potential as a tool for gathering beneficiary feedback.

There is much good work to build on and Listen for Good will no doubt add significant insights to the field going forward.

## Appendix A. List of Interviewees

Organization	First Name	Last Name	Title
Acumen Fund	Venu	Aggarwal	Impact Senior Associate
Ashoka	Reem	Rhaman	Product and Knowledge Manager
Boardsource	Anne	Wallestad	CEO
Boy Scouts of America	Harold	Keller	Department Manager, Performance Management
Bridgespan	Karen	Anahory	Senior Associate, Learning and Innovation
Center for Effective Philanthropy	Phil	Buchanan	President
	Kevin	Bolduc	Vice President, Assessment Tools
Endeavor	Jesse	Miller	Associate, Entrepreneur Selection and Growth
Feedback Labs	Dennis	Whittle	Director and Co-Founder
	Sarah	Hennessy	Chief of Staff
GlobalGiving	Britt	Lake	Director of Programs
Great Nonprofits	Perla	Ni	CEO
Habitat for Humanity Greater San Francisco	Ann	Goggins Gregory	Chief Operating Officer
Keystone Accountability	David	Bonbright	Chief Executive
LIFT	Sophie	Sahaf	Vice President, Evaluation
On Strategy	Cammy	LoRe	Client Engagement Director
Streets Ministries	Reggie	Davis	Executive Director
TNTP (The New Teacher Project)	Cassie	Coddington	Analyst