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# How to Measure and Manage Real Customer Loyalty

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# Customer Loyalty



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## What is loyalty?

Willingness to continue as a customer AND proactively recommend an organization to friends, family, and associates

# Foundations for a Loyal Relationship

## HEART

- They know me
- They value me
- They listen to me
- They embody my values

## HEAD

- Best features
- Best service
- Fair price
- Trust in product

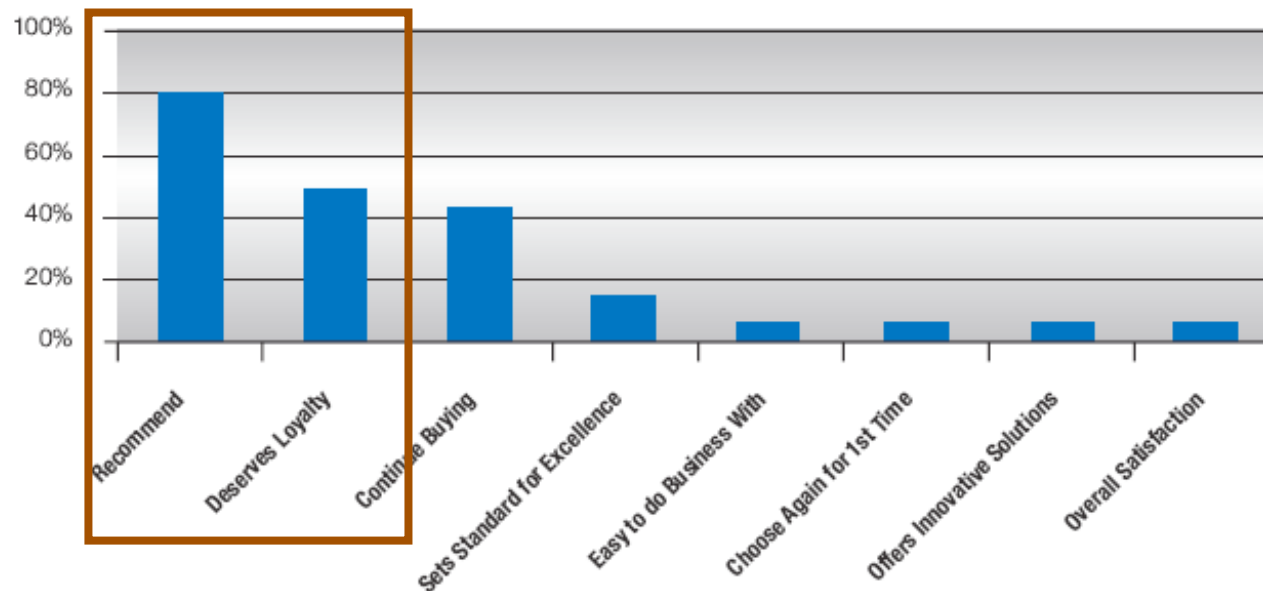
# Customer Loyalty is Linked to Customer Behavior



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More so than customer satisfaction, loyalty has been found to be strongly related to customer behavior.

Figure 2. Top Ranking Correlates to Customer Behavior

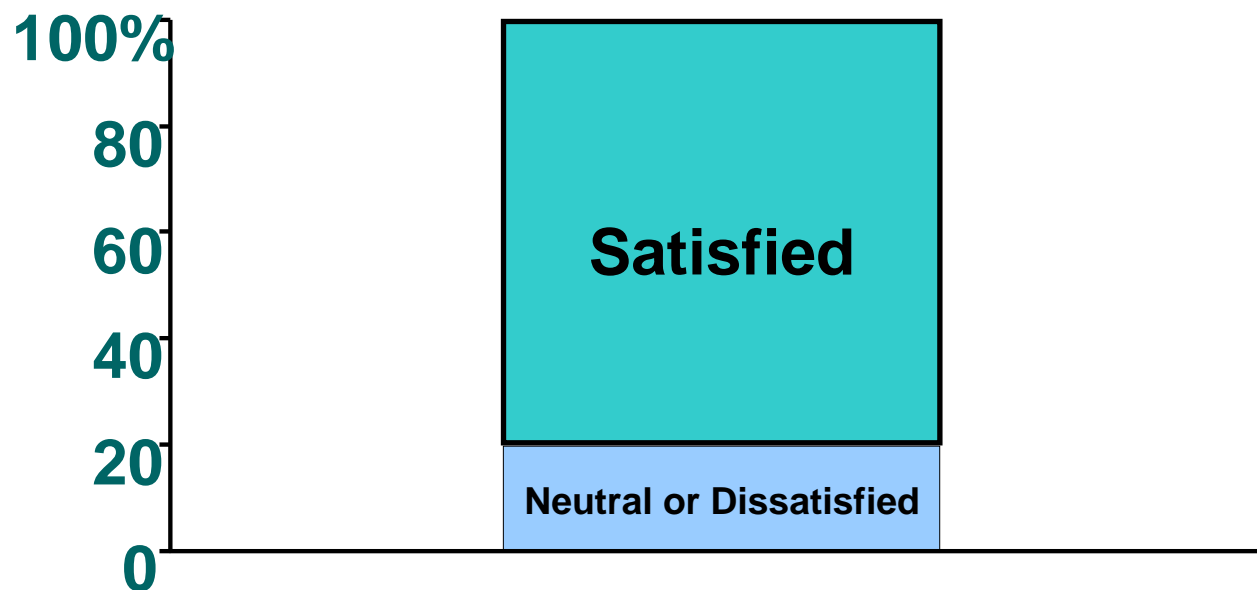


# Lost Customers are Often Satisfied



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## Percent defectors



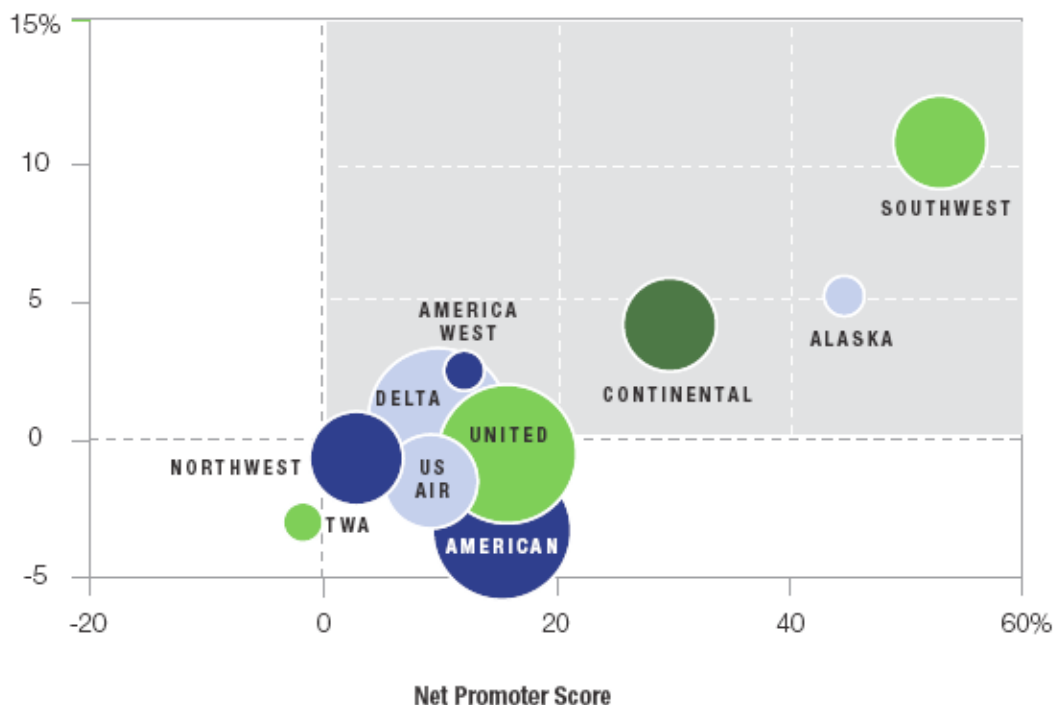
# Customer Loyalty is Linked to Revenue Growth



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More so than customer satisfaction, loyalty has been found to be strongly related to increased revenue and profitability.

Five Year Revenue Growth



# The Loyalty Formula

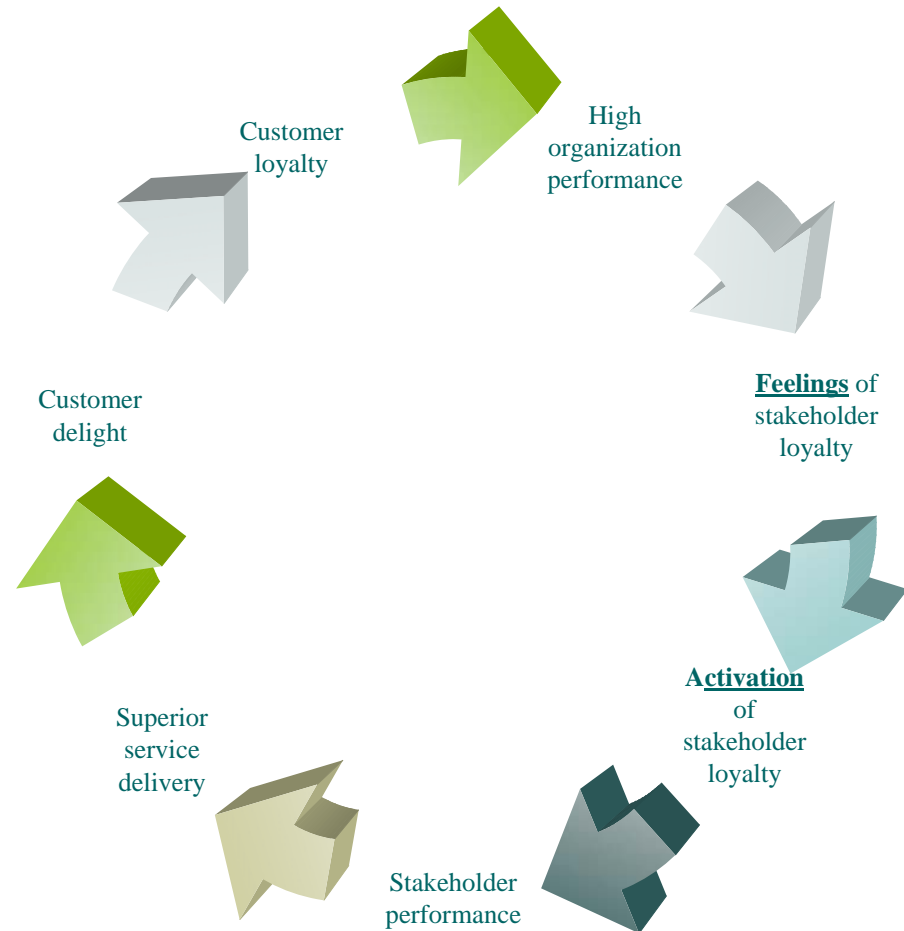


# Employee Loyalty is Also Crucial



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## The Loyalty Cycle



# Quantifying Customer Loyalty



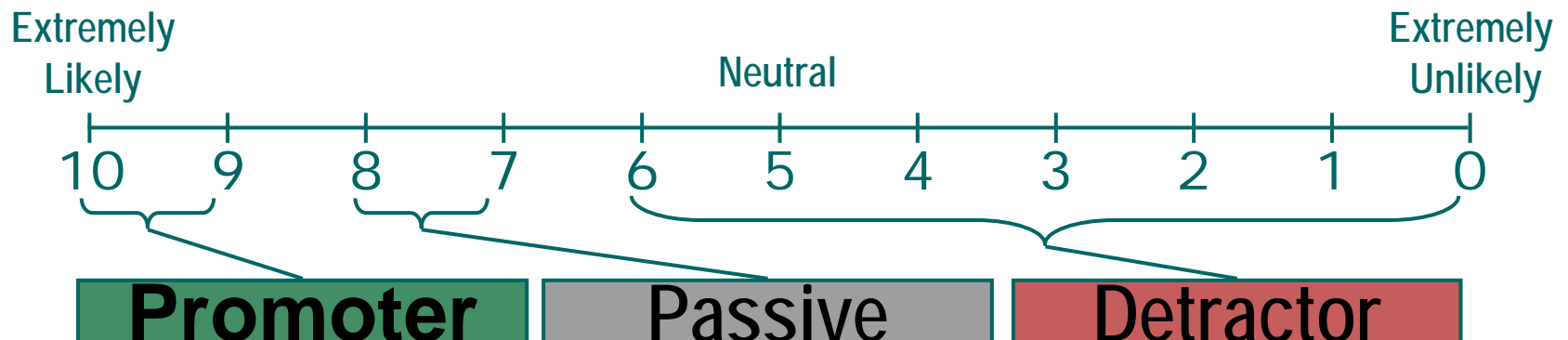
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- Customer loyalty can be assessed directly by:
  - Customer longevity
  - Repurchases
  - Renewals
  - Recommendations
- Customer loyalty can be measured regularly via surveys of current and past customers

# Measuring Customer Loyalty

- Customer loyalty is best measured with the ***Net Promoter<sup>®</sup> Score (NPS)***
- The Net Promoter<sup>®</sup> Score was developed by Fred Reichheld from Bain and Company, Inc and Satmetrix Systems, Inc
- It has been found to be a reliable and robust measure of customer loyalty across several industries
- It is measured with one simple question:  
***“Will you recommend this facility to friends and associates?”***

# The Net Promoter® Score



$$\text{NPS} = \% \text{Promoters} - \% \text{Detractors}$$

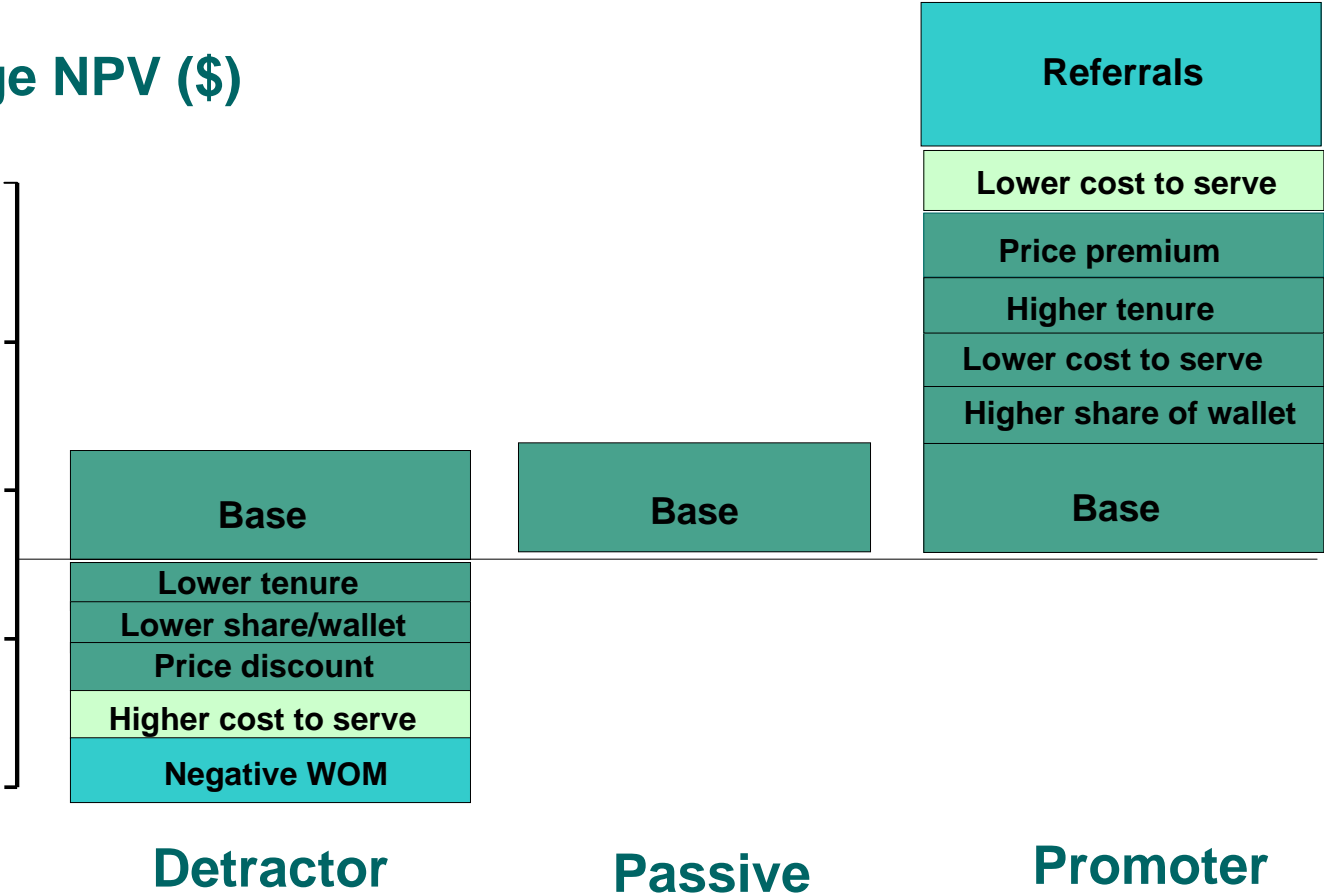
Maximum NPS is 100

# Promoters Generate Profitable Growth



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Average NPV (\$)





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## Using the NPS<sup>SM</sup>

- NPS<sup>SM</sup> scores can vary widely by industry
- NPS<sup>SM</sup> is best compared and benchmarked against relevant competitors or similar organizations
- You can also use your NPS<sup>SM</sup> scores internally to track progress



# Patient Loyalty Program at Cancer Treatment Centers of America® (CTCA)

At CTCA we know that **“A Moment of Truth”** is any interaction we have with our patients, patients’ caregivers, family, friends, coworkers and vendors.

It is a successful Moment of Truth when we make this interaction a positive one resulting in customer delight.



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# Top-Line Objectives of CTCA's Loyalty Program:

- Consistently deliver Compassionate Care and a World-Class Service Experience (i.e. The **Mother Standard**® of Care is CTCA's GOLDEN RULE)
- Assure a systematic and comprehensive plan of measurement
- Ensure goals for service recovery and long term improvement are met
- Develop drill down strategies, so that actionable issues are identified
- Recommend and implement performance improvement strategies to create sustainable improvements
- Transparency: provide operating unit teams (and all staff) with the loyalty tools they need to deliver superb customer service

# Distinguishing Features of Loyalty Measurement Program at CTCA

- Net Promoter<sup>®</sup> question (ten-point scale) as key driver
- Provides quantitative and qualitative feedback at the team level
- The survey is administered on site, with daily administration
- Yields **high contact rate**: 70%-75%
- Yields **high response rate**: 80%-90%
- On-site methodology supports “real-time” service enhancements
- Closed loop system to support accountability and documentation of effectiveness in problem resolution

# Distinguishing Features of Loyalty Measurement Program at CTCA



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## Data collection tool (Feedback Monitor Pro):

- Provides process to classify qualitative concerns and monitor trends
- Serves as a central depository for all sources of feedback
- Allows Patient Relations staff to confirm that loop was “closed”
- Documents actionable issues and their subsequent solutions
- Generates detailed reports to department heads, upper management and Board of Directors



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# Distinguishing Features of Loyalty Measurement Program at CTCA

- Tools support our culture of delivering the **Mother Standard<sup>®</sup> of care**
- Monthly updates to all staff via the intranet to assure transparency
- Drives continuous quality improvement strategies
- Serves as one important driver of the strategic plan of the company

# Listening and Learning at CTCA...



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- Weekly Patient and Family Focus Groups
- Management Rounds
- Care Management Follow-Up
- Patient Feedback at “every” CTCA Board Meeting
- Customer Loyalty Tools (i.e. The Patient Loyalty Survey) administered each and every day, for new and returning patients
- J.D. Power and Associates Studies to survey non-buyers (2006/07)



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# Gathering Formalized Feedback at CTCA

- Guided by NPS question as top-line score
- CTCA surveys ask patients to tell us about concerns and issues in their care and overall experience
- This information is also gathered informally in interactions with patients
- Patient comments are entered into a monitoring database and assigned for immediate action

# Acting on Patient Concerns at CTCA



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## Actions can involve:

- Speaking directly with the patient
- Taking action to resolve the immediate patient concern
- Addressing issues that can't be resolved immediately (e.g., more follow-up care)
- When patients indicate it is okay, we always contact patients with a solution or an indication of what will be done to address their concern within 24 hours, and most often, on the same day
- Follow-up with patients to assess our effectiveness in responding to concerns (i.e. the closed loop system)

# The Result of Acting on Patient Concerns



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## Higher loyalty when patient concerns are satisfied

**Satisfied With Resolution of Previously Reported Problem and NPS Score**

<i>NET PROMOTER SCORE</i>			
<i>Was Problem Resolved Satisfactorily?</i>	<i>Regional Medical Center A</i>	<i>Regional Medical Center B</i>	<i>Regional Medical Center C</i>
Yes	<b>87.0</b>	<b>93.5</b>	<b>92.2</b>
No	57.8	79.6	80.8

# Employee Willingness To Recommend



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## Press Ganey Research:

- Employee satisfaction has only a moderate association with patient satisfaction (R square =.33)
- But employee willingness to recommend is more highly associated with patient willingness to recommend (R square =.65)

## CTCA Research:

- Employee loyalty strongly associated with patient loyalty
- CTCA Centers with higher patient and employee loyalty = consistently higher growth rates



# Top-Line Results of CTCA's Loyalty Operations Program

- Average 13% growth rate per year since 2000
- Average NPS in the high 80's and low 90's compared to average national hospital NPS of 55
- Patient loyalty scores meeting and/or exceeding recent Health Care Malcolm Baldrige National Quality Award Winners
- 3.2 Million unique visitors to the Cancer Treatment Centers of America web-site per year
- Cancer Treatment Centers of America featured in recent Bain & Company, Inc white paper "Would you recommend this hospital to a friend?" (Julie Coffman and Phyllis Yale, 2007)



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# Customer Loyalty that Creates Promoters

*What our customers (patients and their families) are telling us about CTCA...*

- *“You set the standard - other hospitals don't come close!”*
- *“Never have we gone anywhere and have been so warmly welcomed.”*
- *“Wonderful facility - never seen anything that compares in the US medical field.”*
- *“Being here is like being in Heaven a few days every 3 months.”*

# Lessons Learned



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- Customer Loyalty must be an integral part of an organization's culture
- Customer strategy + employee loyalty + tools = customer loyalty
- Create systems of "simple measurement" and accountability to drive performance (closed loop systems are essential)
- Top Management Commitment will accelerate your success
- Reward the Right Results – Loyalty Results aligned to compensation
- Full transparency and regular communications are essential
- Qualitative customer feedback is GOLDEN to achieve customer loyalty
- Customer Loyalty is all about creating communities of Promoters