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BEST PRACTICE
GUIDANCE NOTE

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A guide to surveys and why they are so important in the financial services sector

Contents

How will this Guidance Note help you?

In this Guidance Note we explain why surveys are so important and should be implemented by every business in the financial services sector.

We explore a survey methodology called the Net Promoter Score (NPS) which is worth considering if you are looking for a simple but effective survey solution. NPS is a quick and efficient way to find out what your clients think without getting bogged down in too much detail.

There is also practical information about the creation and execution of a survey, and things to consider before implementing a survey programme into your business. Strategi is also offering an NPS template which provides sample questions for easy implementation into your business.

Why is it important to survey your clients?

There are three key reasons why it is important for businesses in the financial services sector to regularly survey their clients:

(1) Your clients are literally the most important part of your business so you need to pay attention to what they think and how they feel. The truth is that without a loyal and satisfied client base, your business is unlikely to grow.

Don't fall into the trap of assuming that your clients are happy. This is dangerous territory as demonstrated by a survey of 362 businesses that found while 80% believed they deliver a 'superior' customer service experience only 8% of people surveyed agreed.[1]

(2) Under the financial advice regime Financial Advice Providers (FAPs) need to demonstrate that their advice is suitable for clients and reasonable steps were taken to ensure clients understand it. Measuring client satisfaction via a survey is one of the ways to do this.

(3) Surveys are an excellent tool to use when setting Key Performance Indicators (KPIs) for staff and the business in general. They will motivate your team to put clients first and look for ways to improve the client experience.

Surveys don't have to be complicated or time consuming. Keep them simple and conduct them consistently over time and you will reap the rewards.

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[1] Closing the delivery gap: How to achieve true customer-led growth | Bain & Company

What is NPS?

The Net Promoter Score is a metric that is used globally to measure customer engagement and advocacy levels. The basic idea is that it establishes the likelihood of a customer to recommend your product or service on a scale of 0-10.

It starts with the key question:

"How likely are you to recommend our company/product/service to a friend or colleague?"

and can be followed by additional questions to get a better understanding of why they gave the score they did and their suggestions for improvement.

The response options range from 0 (not likely) to 10 (extremely likely) and are grouped into the following three categories:

1. Detractors (0-6)
2. Passives (7/8)
3. Promoters (9/10)

Detractors   **Passives**   **Promoters**

(0) (1) (2) (3) (4) (5) (6)   (7) (8)   (9) (10)

Not likely to recommend   Extremely likely to recommend

To calculate your NPS you simply subtract the percentage of detractors from the percentage of promoters giving you your NPS.

% - **%** = **NPS**

For example if 100 clients answered your survey and there were 70 Promoters (70%) and 10 Detractors (10%) the formula would look like this:

70 - **10** = **an NPS of +60**

Why would you consider using NPS?

→ **The metrics are specific and clear-cut**

NPS provides you with a specific measurement of loyalty and overall client satisfaction giving you an indicator of repeat business and the likelihood that clients will promote your company.

→ **It is an excellent tool for measuring KPIs**

NPS is a great tool when it comes to setting KPIs for your staff. It provides instant feedback while also allowing for long term measurable goals. Consider how a staff member might feel after getting a glowing review for work which might otherwise have gone unnoticed? What a huge motivator for providing clients with a high level of service and an experience they will remember (for all the right reasons!).

→ **You can use it to set benchmarks for your business**

NPS allows you to set benchmarks so you can see how you stack up against your competitors and your own goals and aspirations. Benchmarking is an important tool that allows you to track the performance of your business and make improvements where necessary. Measuring client satisfaction and loyalty is one of the keys to business success.

→ **It is simple and easy for everyone to use**

Because it is based on a simple formula and an uncomplicated and short questionnaire it is easy for everyone to understand and use. The real win here is that it doesn't take much effort to get everyone on board and speaking the same language when it comes to client success.

→ **Immediacy of feedback**

Allows you to immediately address any problem areas or at-risk clients as well as celebrate success in the moment.

At its core NPS provides a simple and effective way for businesses to better understand their client's wishes and expectations, allowing them to deliver a truly exceptional client experience and stand out from the crowd.

What is a good score?

NPS scores will differ between sectors and are dependent on how engaged clients are and how big a sample is surveyed in comparison to an overall client base. For example if you have 5000 clients and you only hear from 400 of them, you may not get an accurate score because that is less than 10% of your client base. Aim to hear back from at least 15% and ideally 50%.

The best thing you can do is set your own NPS benchmark. Start with your very first score and aim to improve each time. Be consistent with the number of people you survey and the questions you ask as this will keep your benchmarking accurate.

Aim to hear back from at least 15% and ideally 50% of your client base.

What are the different options for delivering a survey?

There are lots of different ways you can deliver a survey to your clients. It will depend on things like how you interact with them – is it face-to-face or mainly online? It will also depend on how much time, effort and financial investment you are prepared to put into a survey programme. We have listed five options below with pros and cons to consider:

1 ### SurveyMonkey

SurveyMonkey is a popular online survey site that allows you to customise your survey. The site provides a wide range of formats and methodologies (including NPS) and you can set it up so it looks and feels like your unique brand. The site also takes care of the analytics so you can see the results straight away. And you get to choose what data you want to see.

SurveyMonkey offers some basic tools for free (you can do a basic survey with up to 10 questions) otherwise you will need to purchase a plan for the enhanced features. Once you have the plan, it is up to you to build and distribute your surveys but it is easy to use once you get the hang of it.

2 ### Use your existing CRM platform

If your CRM platform has a tool for surveys, this could be a good option as it is highly likely you are already paying for this in your subscription. One of the advantages of going down this route is your staff will already be experienced users of the platform and you won't need to export / import data as your client base is already there.

It is worth checking what analytics it will provide versus sites like SurveyMonkey as it may become a bigger workload than you intended. Another thing to check is whether it supports the type of survey you want to do e.g., NPS.

3 ### Third party provider

There are lots of third party providers in the survey world but using them will come at a cost that is likely to be much higher than doing surveys in-house. However, you will get the benefit of their expertise in terms of what methodology will work best, formulating questions and analysing the data. The real advantage of using a third party provider is you are essentially contracting the function out so it becomes one less thing on your 'to do' list.

Google Forms

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Google Forms are another option if you want to keep your survey programme in-house. The main advantage of Google Forms is that it is a free service. They are not as sophisticated as SurveyMonkey but still offer similar functionality. As with SurveyMonkey, Google Forms also provide cross-platform functionality e.g., from desktops to smart phones. Because it is mobile friendly it can potentially give you a higher response rate.

Over the phone or face-to-face

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A more personal survey can give you the opportunity to really connect with your clients and build your relationship. This is particularly helpful if a client has not had a good experience as you can deal with the issue immediately and personally which should lead to a really positive outcome. The disadvantage is that sometimes people are reluctant to be critical in person so you need to handle the conversation in a way that makes them feel comfortable. It would be worth considering who in your team is best suited to this job.

This is just a snapshot of some of the options for delivering surveys but as you can see, the tools are out there to make surveying simple and affordable. What works best for your business will come down to things like budget, resource availability and whether anyone in your team has prior experience you can tap into.

How to create a good survey

The first thing to consider is – what are you trying to achieve? For example do you want to know what your clients have to say about the level of service they received or do you want to know if the product or service they received met their needs?

Once you have figured out your objective, you will need to develop a set of questions that will give you the insights and data that you are looking for.

Some key things to consider:

→ **Use close-ended questions for large surveys**

Close-ended questions are questions that can only be answered by using predefined answer choices e.g., "On a scale or 0-10 how likely are you to recommend us to your friends and colleagues?". One of the main advantages of using close-ended questions is that they are quick and easy for clients to answer. They are also objective and conclusive which makes it easier to measure the data. These types of questions are ideal if you are surveying a large sample of clients.

→ **Use open-ended questions for small surveys**

Open-ended questions are questions that don't provide predefined answer choices, rather they leave it open for clients to express themselves in their own words e.g., "Please describe your experience with our team?". The downside of using open-ended questions is that they require more effort from clients to answer which can lead to clients putting it in the 'too hard basket'. They also generate qualitative data which takes longer to analyse.

The advantage of open-ended questions is that you are likely to get more detailed insights into your business which can be hugely beneficial. The ideal time to use these types of questions is when you are surveying a small sample of clients as it allows you to follow up personally which is important when you are asking for detailed feedback, even if it is just a simple thank you.

→ Make sure your questions are neutral

A neutral question is a question that does not suggest its own answer. Neutrality is important because you don't want to add your own bias to the questions or direct your clients to give a certain response. While you might end up with a great survey result it won't be an honest reflection of your business and you won't know where you can and should improve.

→ Make sure your questions are singular in purpose

Avoid double-barrelled questions as they can be confusing for the person answering the survey and they are also hard to get accurate data from. Questions should pinpoint one thing. For example don't say "How was your experience with our team and did you hear back from us in an acceptable timeframe?". Split this into two questions.

→ Provide the option to bypass a question

Depending on the type of questions you are asking, clients may feel uncomfortable answering a particular question or the question may not be relevant to them. This is particularly pertinent if you are asking open-ended questions. One suggestion is you could include an option that says, "Not applicable" or "No opinion".

→ Consider the length of your survey carefully

Survey length can be tricky as you need to get the balance right so that you get the data you are looking for but you don't take up too much of your client's time and risk them bypassing it for something more interesting.

According to SurveyMonkey[2] a survey with 11-15 questions takes 5-7 minutes to complete and a survey with 26-30 questions takes roughly 9-10 minutes to complete. Let your recipients know upfront roughly how long the survey will take them and consider offering a prize-draw or similar to encourage participation. Shorter is normally better for response rates.

→ Do your 'housekeeping'.

Read your questions thoroughly to make sure they are as succinct as possible, get rid of any jargon and spell check carefully. And last but not least test, test and test again before you send it out.

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[2] https://www.surveymonkey.com/curiosity/survey_completion_times/

Practical advice on implementing a survey

Over and above the creation and delivery of a survey, there are a few other key pieces to consider which may help in the overall success of a survey programme.

→ Timeliness

If the survey asks about a recent interaction e.g., new client onboarded, existing client purchases new product/service, annual review etc, make sure you send the survey as soon after that interaction as possible. The best time to get feedback is when the experience is fresh in your client's mind. Depending on the size of your business, this could be a bulk send each couple of weeks to the relevant clients/category or it might be a more personalised survey where you collect individual responses over a longer period of time and collate the data every six months or so.

→ Follow up

Make sure you have a process in place to know a client will be followed up immediately where appropriate. This should include contacting any at risk clients as well as thanking your most loyal clients.

→ Get feedback from all stages of the client experience

Set up your survey programme so you are deploying surveys at different stages of the client journey. This will give you a rolling view of the entire client experience and more opportunities to improve and grow your business.

→ Don't be annoying

Make sure you don't keep sending surveys out to the same people in your database. Some logic needs to be built into your survey programme so this doesn't happen.

→ Build a survey culture

Involve as many staff as possible. If everyone gets on board, it becomes a core function of the team, joining people together to understand where you can do better, solve problems and celebrate successes as a team. You could consider a regular recognition of staff who have received great feedback – nothing beats celebrating success when it comes to getting buy-in. It is also a good idea to set aside time to share overall results with the whole team. This could be through a one-off meeting every six months or make it a regular agenda item for all the regular team meetings.

→ Record results

Set up a system so you can easily track and monitor your results over months and years. Use this information to identify trends and make changes where necessary. Don't treat each survey as a one-off as you will be selling yourself short.

What is a good response rate?

According to a source in the UK called SmartSurvey the average response rate for an online survey sits at around 30%[3]. It can be much higher with in-person surveys but remember that these surveys require a lot more time and resource.

The main thing you want to do is to avoid sampling bias which can happen when you get a very low response rate. Essentially you want to get a large enough response rate so you get good quality data which will help you make good business decisions.

How often should you be surveying clients?

This will depend on a number of variables such as the information and data you want to collect, your budget and resourcing. You can send surveys out regularly throughout the year – just make sure you are only surveying the same client once in the 12 month period as you don't want to annoy them and thereby risk non-completion. Use you client database in a smart way e.g., depending on the objective of the survey select recipients by age / life stage, new clients or even by gender.

At a minimum, we recommend conducting an annual client satisfaction survey, and along with that you must be able to show that you have critiqued the data and implemented changes as a result of what the survey tells you.

Remember that surveys are an excellent tool for your business and if you use them well, they provide you with an opportunity for growth and to really stand out from the crowd.

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[3] https://www.smartsurvey.co.uk/blog/what-is-a-good-survey-response-rate

Pros and cons of online platforms for surveys

One of the most effective ways to deliver a survey is online via an established provider e.g., SurveyMonkey or Google. It is also the most commonly used method and is where people expect to be surveyed – especially now that we are well and truly living in a digital age. However, it doesn't mean it is the right solution for your business so with that in mind, let's look at some more of the pros and cons:

Pros

✓ **Cost effective and quick**

Time is money right? Sometimes an investment in a tool such as a survey platform can save many hours of manual work for your team.

✓ **Accessibility**

All the main platform providers allow for access from most devices. This is a huge bonus as more and more people default to their phone for most of their online activity.

✓ **Precise results**

Results are accurate and displayed in different formats depending on what you prefer.

Cons

✕ **Reliant on accurate contact details**

You need to have an up to date client database to get the most out of an online survey.

✕ **Accessiblity**

Consider that if some or many of your clients are elderly, they may not have access to the internet.

✕ **Sheer volume**

It can be hard to get noticed due to the high volume of emails and online activity in a person's day to day life.

Summary and next steps

Surveys are one the best tools you can use to keep the regulators happy in terms of demonstrating client care. The bonus is that there are many additional benefits for your business in running a survey programme. It's a win-win!

It doesn't have to be complicated and it won't be if you think through your objectives carefully and get a good plan in place at the start. Use the ideas in this Guidance Note to get started and consider purchasing Strategi's NPS template if this is a methodology that you think will work well in your business. The Strategi team have a lot of experience when it comes to client surveys so reach out with any questions.

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