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A better way to measure the patient experience

By Len Schlesinger | July 11, 2017

Despite being the world's largest service industry, U.S. healthcare has only recently begun to try to rigorously document and understand the experience of its customers. And the favored means of measuring that experience — due in part to government mandates and incentives — has been the patient satisfaction survey.

This rather crude measuring tool has its fair share of critics, and for good reason. "Satisfaction," as a measured in these surveys, has been shown not to correlate with quality of care. Ratings can be influenced by patients' varying expectations and dispositions.

And scores are prone to grade inflation: A recent athenahealth study of patient satisfaction surveys found that more than 90 percent of patients reported being satisfied, making it challenging to draw lessons on precisely where to improve.

This leaves healthcare precisely where other service industries were in the 1990s: Searching for the best way to measure the patient experience.

Emotion vs. behavior

As an industry executive at the time, I lived through that evolution in customer listening. Back then, my colleagues and I knew that customer loyalty was the primary driver of our revenue growth: In many service industries, a 5 percent increase in customer loyalty can translate into a 25 percent increase in profits.

But we learned pretty quickly that customer satisfaction was not the best way to predict loyalty. The problem was that the metric measured an emotional state and not what mattered to us — behavior. Extreme responders (the "1s" or "5s" on a five-point scale) would behave predictably, either shunning us or returning reliably. But customer behavior in the middle levels of satisfaction appeared to be complex and even random.

For me, the nail in the coffin for satisfaction as a useful metric came when I realized that market structure and competitive dynamics could have a much bigger influence on behavior than satisfaction. I might hate my bank, but I remain loyal (some might say "captive") because the switching costs are so

high. Wireless providers have my repeat business for a similar reason — they lock me into multiyear contracts that persist despite what my customer satisfaction surveys say. We were desperate for a better way to measure loyalty.

The big breakthrough for service companies came nearly a decade ago when Frederick F. Reichheld, a consultant at Bain & Company, introduced the Net Promoter Score (NPS), which effectively predicted customer loyalty by asking customers about their intent to return and whether they would recommend the company to friends. Even today, amid newfangled "social listening" technology and advanced predictive algorithms, Reichheld's simple, intent-to-refer measurement remains the most powerful metric for predicting customer loyalty.

Measuring the journey

The NPS survey could be a useful tool for many healthcare institutions — and many leading organizations have already adopted it. But unfortunately, it too has flaws in a healthcare setting. A net promoter score still won't necessarily correlate with quality, and it will only offer a macro view of a patient's actual experience, which doesn't help executives make targeted improvements.

For that reason, many leading healthcare companies focus on supplementing satisfaction and NPS surveys with patient experience surveys. These surveys go beyond efforts to "make the patient happy" and provide actionable insight into how to improve care.

For example, instead of merely asking how satisfied a patient was with timeliness of care and clinician follow-up, an experience survey might drill into the details: "How often in the past 12 months have you had to wait more than 20 minutes to be seen by a doctor?" Or: "In the past 6 months, did anyone in your provider's office talk with you about specific goals for your health?"

More specific feedback will help. But healthcare organizations also need to think more broadly about what the full patient experience entails. When I worked at service companies such as Au Bon Pain and Limited Brands, I only had to worry about customers' experience in my stores. Now, as healthcare is increasingly delivered by networks, the overall customer experience transcends a single supplier. A patient may come in to a hospital for a doctor appointment, but then visit a separate pharmacist, an independent physical therapist, and so on.

In other words, what was once an isolated encounter is now a journey, taking the patient among different providers and organizations.

The good news is that modern platform companies are demonstrating that you can achieve loyalty even when a customer's experience with your brand requires interactions with separate, autonomous organizations. Consider Amazon.com. A customer may purchase from an independent retailer on Amazon's site, then wait for the item to be delivered by a host of independent shippers (FedEx, USPS, etc.), all under Amazon's brand.

Amazon uses its vast troves of data to improve the customer experience — and the company is not afraid to lean on its partners if evidence suggests they are failing to live up to Amazon's expectations.

I suspect that few healthcare executives think they have responsibility for a patient journey that extends beyond their own properties. And healthcare's loosely coupled networks aren't generally based on any such intentional design. But if the customer experience doesn't get attention in one healthcare organization, patients will become frustrated.

That's why, in the future, the most powerful customer-listening metrics in healthcare will assess a patient's ability to have a successful journey within the health system. Satisfaction is one piece of the puzzle. But if the measurement is incomplete, patients might discover that some other network can offer a coherent, seamless experience — and win their loyalty.

Len Schlesinger is the Baker Foundation Professor at Harvard Business School.

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