



Rating System Simplifies Choosing the Best Equipment Rental Company





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RATING SYSTEM SIMPLIFIES CHOOSING THE BEST EQUIPMENT RENTAL COMPANY

Net Promoter Score® Provides Objective Ratings of Customer Loyalty Levels

Choosing the best equipment rental company has traditionally been a difficult decision. There has been no convenient method to objectively compare how different rental providers perform across a wide range of customer services — from equipment selection and delivery to operator training and on-site service.

This brief white paper describes a new and valuable tool that offers an unbiased and quantitative means of evaluating a rental company's customer service and overall performance, which permits choosing a rental provider more quickly and with more confidence. The paper provides information tailored specifically for those involved in the decision-making process associated with renting equipment for use in construction, maintenance and repair, specialty trade, facilities maintenance, and other applications.

A Common Problem

Renting equipment instead of spending large amounts of capital to own the same thing is often justified by today's tighter budgets, reduced workforce and wide variety of projects. But because most equipment rental companies carry the same brand names and types of equipment, the question is: How can you choose among them?

One way is by selecting the company that provides the best value-added service — like proven reliability, more stringent safety and maintenance procedures, and top-notch customer care. A company that goes above and beyond to serve its customers can make the entire process — from expert equipment selection to prompt on-site delivery to safety training — simpler and more convenient. And that will allow operators to focus on the details of their jobs.

Yet, even focusing on service doesn't provide a crystal-clear method for evaluating and selecting a rental company, as things like customer care can be very subjective. Common sources of information — especially word of mouth — can be biased, unreliable or incomplete. Even leveraging existing or past relationships with equipment providers does not guarantee a customer will be working with the best company — the one that offers the most consistently reliable equipment and service over time.



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A Simple Solution

There is a measurement tool available that can provide an accurate and quick way for customers to objectively evaluate and compare the abilities of different equipment rental companies. This metric was first identified by Frederick Reicheld in 2003 during an independent research project by the Harvard-educated business strategist. Reicheld found that the most accurate indicator of how satisfied a company's customers were could be measured by how likely they would be to recommend that company to another person.

The Net Promoter Score (NPS®) was soon developed by Reicheld, in collaboration with Satmetrix Systems, as a method to determine an overall score of how satisfied a company's customers feel. By 2006, Reicheld's pioneering book, *The Ultimate Question* (Harvard Business Press), was offering case studies of how leading-edge organizations, including GE, Intuit, Enterprise Rent-A-Car and HomeBanc, had implemented Net Promoter Score and used the results to directionally improve their businesses. Other studies by Paul Marsden (2005) and Mark Ritson (2006) provided independent confirmation of the power of the NPS metric.

A Quick Calculation

A short survey is all that is required for a company to collect the data it needs to calculate its NPS. Customers are asked to indicate on a 0-10 scale how likely it is that they would recommend the company to another person. Based on their responses, customers are listed as Promoters (ratings of 9-10), Passives (ratings of 7-8) or Detractors (ratings of 0-6).

The company's NPS is obtained simply by subtracting the number of Detractors from the number of Promoters (Passives are not factored into the final calculation). For example, if 60 customers are Promoters, 15 are Passives and 25 are Detractors, then the company's Net Promoter Score would be 35 ($60 - 25 = 35$).

Understanding customers' opinions — why they rated the company the way they did — is also very important, so a good NPS survey also asks open-ended questions to give customers a chance to explain their responses.

Most companies have a
Net Promoter Score of 5-10.

In 2010, **NES Rentals** achieved a
Net Promoter Score of 80.





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NPS in the Equipment Rental Industry

Within the equipment rental industry, the fleet itself must be considered a parity product in any evaluation. Unless a particular rental company's equipment is aged or poorly maintained, there is a rough equivalence (brand/models, etc.) being offered by all renters of similar size. NPS, as it applies to the equipment rental industry, is ultimately a measure of a company's reliability — that is, how often the company keeps its promises to its customers. It measures the quality of the company/customer relationship.

With NPS, customers have a voice in how they feel about their relationship with a company — and forward-thinking rental businesses are listening. They understand that customers, too, know they can obtain the same or similar products from a competitor. Today, keeping customers comes down to providing better service.

Companies using NPS are motivated to deliver superior customer service, because it leads to customer loyalty and word-of-mouth recommendations that bring in more customers. This, of course, is more important in today's economy than ever before.

NPS Stars by Industry

Source: Satmetrix 2010 Net Promoter Benchmark Study of US Consumers

INDUSTRY	COMPANY	NPS
Airlines	Jet Blue	64
Auto Insurance	USAA	78
Banking	USAA	81
Brokerage & Investments	Charles Schwab	46
Cable & Satellite TV	DIRECTV	27
Cellular Phone Service	Verizon	41
Computer Hardware	Apple	78
Consumer Software	Adobe Systems	37
Credit Cards	American Express	27
Department, Wholesale & Specialty Stores	Costco	66
Equipment Rental	NES Rentals	80
Grocery & Supermarkets	Trader Joe's	69
Health Insurance	BlueCross BlueShield of Illinois	5
Homeowners Insurance	USAA	69
Internet Service	Road Runner / Time Warner	21
Life Insurance	State Farm	34
Online Search & Information	Facebook	65
Online Shopping	Amazon.com	71



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A Real World Example

NES Rentals is a leader in the \$25-billion equipment rental industry and has a strong focus on aerial lifts (i.e., booms, forklifts, scissor lifts, etc). The company rents more than 735 types of equipment sourced from nationally recognized manufacturers in a variety of industries. Since 2007, NES Rentals has been tracking NPS quarterly and has made its companywide Net Promoter Scores public (View them at www.nesrentals.com/about_nes/nps.aspx).

According to Andrew P. Studdert, Chairman and Chief Executive Officer of NES Rentals, the company chooses to publicize its Net Promoter Scores to communicate an unbiased and accurate measurement of how well its more than 70 branches in 27 states are delivering on their promise of being the most reliable rental equipment company in the markets they serve.

In the first quarter of 2010, NES Rentals achieved an NPS of 80*, which puts it at the top of the rental equipment industry and among some of the world's elite companies, including Amazon.com (71), Apple (78) and USAA (78).

The Value of Wider NPS Adoption

In service industries like the equipment rental industry where equipment choices are largely undifferentiated, NPS can serve as a uniform and objective measure of value-added performance. All companies in this industry should conduct regular NPS surveys and should report the results, thus giving renters an opportunity to evaluate providers in an unbiased way while giving equipment rental companies a means of benchmarking service improvements. Just as J.D. Power and Associates translates survey responses from consumers into "the voice of the customer," so too could NPS for the rental industry. Additional information about Net Promoter Scores is available online at www.netpromoter.com.

Find the NES Rentals branch nearest you by calling **800-NES-RENT** or at www.nesrentals.com.

*Survey conducted by Colwell & Salmon Communications, an independent market research firm.

"Best-in-class companies are those that put in the processes to continuously listen to, learn from and take immediate action on what their customers tell them about their performance."

Deborah Eastman, CMO at Satmetrix