



The Seven Greatest Challenges in Establishing Strategic Customer Centricity Metrics

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
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Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.


I'll never forget sitting in a car dealership, waiting to sign paperwork for a new car. I saw a sign posted prominently on the wall that read, "Give us a 10! If you can give us a "10" we would love to have you fill out a survey." Nor will I forget the brightly colored note in the hotel room carefully placed by the telephone with a heading in big bold letters "We Strive for Fives!" While these slogans are catchy, the message is clear: don't bother giving us feedback unless it's a perfect score. In the courtroom this is called leading the witness; where you give hints as to how you want someone to answer your questions. The short-sighted local branches look great with positive scores, but customers are not necessarily satisfied nor are they loyal.

With the leadership of chief customer officers and other customer executives, many companies are recognizing that the key to their continued survival is a strategic customer focus incorporated into foundational strategy, board commitments, executive officer objectives, and company-wide compensation. The enabler of this strategic focus is a universal metric that enables baseline measurement, prioritization of resources, and marked improvement to meet objectives.

Yet there are at least seven big challenges in establishing a strategic metric upon which all are measured. In this article I'll examine these challenges. In the next article I'll describe a number of ways that these challenges might be overcome so as to pave the way for a new metric that will effectively measure and guide improvements for this new strategic imperative. In the final article, I'll outline reasons why customer engagement is the most appropriate metric for this purpose.

Challenge #1: Outcomes fail to impact strategic results

While it may seem obvious, it is worth reiterating: the universal metric must impact strategic results. What good is a metric that doesn't result in increased revenue, decreased costs, or mitigated risk? As



well, the metric should be a leading rather than lagging indicator. Revenue and profit are lagging indicators—you don't know if you are successful until after the quarter closes. One of the big challenges in many companies is that customer loyalty is not well-correlated to the company's profitability. As well, some of the metrics used to measure it ensure that loyalty is mostly a lagging indicator, only measured once a year.

Challenge #2: Challenge of the methodology

Jeb Dasteel, Chief Customer Officer of Oracle, established two metrics: the Customer Loyalty Index and the Top 10 Customer Dissatisfiers. He initially faced extreme scrutiny of his methodology, which forced him to be very transparent about how the data were collected, analyzed, and validated. When compensation (or any significant challenge to status quo) is at stake, pushback is guaranteed. If the methodology can be discredited, implementation will be delayed or thwarted altogether.

Challenge #3: Perceived inability to influence

I recall very early in my career my boss trying to explain why I was punished because the company missed their EVA (economic value added) goal. To this day I still don't know what the metric was or how it was computed. I told him (probably not very nicely) what I thought of this silly "tax" on my earnings.


This is perhaps the biggest challenge, and is certainly not limited to a customer-centricity metric. As laboratory rats in a maze will give up trying for food when faced with conflicting stimuli even in the face of extreme hunger, so will employees become disaffected when they cannot determine how their work influences the metric they are rewarded for achieving. People have varying degrees of influence over customers, which indicates the need for localized proxy measurements of both customer focus and the ability to enable the customer focus of others.

Challenge #4: Gaming of the system

In decades of doing primary research I found that is nearly impossible to obtain unvarnished customer feedback through the sales or support channel. Only the best customers are solicited, and those who have a negative opinion are either never approached or their feedback is never recorded. Sometimes changing a digit in the stored phone number or intentionally mistyping an email address may make these customers inaccessible. I've even observed sales and service personnel begging for a positive rating, saying, "I'm going to get in trouble if I don't get a 10. Can you help me out?"

Challenge #5: Unintended consequences

A major financial services company found that their well-intentioned use of an average call handle time metric backfired severely. Rather than solving the customer issues with readily available information, agents would hang up on customers as they approached their call time limit. Customers were forced to



call back, destroying customer satisfaction as well as agent profitability. Without care, employees at all levels can be seduced by a number on a dashboard and lose sight of the real goal, that of increasingly enduring, profitable customer relationships.

Challenge #6: Metric instability

Similar to Challenge #3, instability in the metric may cause similar disaffection and disengagement. If I strive to achieve a goal but the goal changes mid-stream or is sometimes unattainable, I may give up. Steady-state quarterly revenue targets sometimes suffer from this instability. Sales teams pull out all the stops in the fourth quarter, creating incentives for customers to purchase sooner than later and leaving nothing for the first quarter. Bug fixes, call center volume, and similar metrics are going to vary depending on software releases, marketing pushes, etc.

Challenge #7: Excessive burden

Cisco was famous for automatically sending out a five-item questionnaire after every single service call. In the early days that might have been borderline excessive. Today, with everyone surveying all of their customers after every interaction, customers are suffering from survey fatigue. Response rates are dropping precipitously. On the other side of the fence, some metrics might complicate operations and create excessive overhead. Successful metrics need to avoid excessive burden on operations and especially upon customers.

Many corporate metrics such as revenue growth, earnings per share improvement, etc. have been around for years and people have forgotten the difficulty involved in their establishment. Now, as CCOs and other customer executives are beginning to make customer centricity a part of corporate strategy, it is important to anticipate these challenges in order to help the organization succeed.

What are you doing to overcome these seven challenges? Do you have a particularly good example of any of these challenges that you can share? I'd love to include them (either properly attributed or sanitized as you desire) in my upcoming book!*

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About CURTIS N. BINGHAM

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About THE CHIEF CUSTOMER OFFICER COUNCIL

The CCO Council is a powerful and intimate gathering of the world's leading customer executives from widely diverse industries. The Council helps executives achieve objectives faster and more easily by leveraging best practices. It helps validate and refine strategies and initiatives to avoid experimenting at customer expense. Membership is by invitation only, and purposefully cross-pollinated with the most forward-thinking companies, large and small, so as to help customer executives deliver solid, customer-centric business results. For more information, email info@ccocouncil.org or call 978-226-8675.



Eight Imperatives for the Chief Customer Officer – This **Bingham Advisory** lays out in detail numerous strategies that enable customer executives to be successful in driving customer centricity throughout their businesses and in creating sustainable competitive advantage, including: six key challenges to CCO success and the means to overcome them, nine metrics that need to be considered for the CCO dashboard, seven critical success factors for CCOs, three necessary characteristics for CCOs, and seven strategies to support customer centric change.

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