

Measures, Metrics and Madness: *The New World of 'Guiding not Grading'*

Background

For a few years now, leaders at progressive support organizations have talked about moving customers from a 'transaction-based' support model to a 'relationship-based' one. This involves changing customers' perceptions, from seeing your support team as a place to contact only when there are break-fix or how do I questions, to one that understands their business, including the technical and business context of their queries.

With this new approach, you don't just wait for customers to contact you and then react. You help their business become more successful by improving the way they use your products and services. This evolution in turn is an important first step in moving from an expert for hire to a trusted advisor.

After early successes in this journey, many organizations run into a seemingly impenetrable wall. Your senior team 'gets it,' but this understanding does not seem to trickle down to most mid-level managers and frontline teams.

Do they just not get it? What exactly is going on?

The Problem

The single most common reason I've seen is a lack of alignment between the 'big picture' goals of an organization and the way individuals are measured. In other words the intent of the goals is lost by the time it reaches the individual, where the question is, *What does it mean for me?*

Most of what we use to measure service success involves measuring what is easy to measure - so-called 'activity-based' measures. *An activity-based measure is easy to measure and easy to manipulate.* An example of an activity-based measure is the Average Handle Time (AHT), i.e., the average length of time someone is on the phone with a customer. This is easy to measure. It's also easy to manipulate, since an agent can simply end the call when its AHT exceeds the goal.

This contrasts with an 'outcome-based' activity, which is *much harder to measure and harder to directly manipulate* by a single individual. A good example is customer loyalty.

Tip: By all means include activity-based measures. Just don't put goals on them. (See advanced tip below). For example, you should watch the abandon rate on your phone queue, perhaps as a lower level activity. Abandon rates are a leading indicator of customer satisfaction.

Advanced tip: Don't put goals on *activities*, put goals on *outcomes*. For example, one of the best ways to compromise the integrity of your knowledge base is to ask your team to, for example, 'create or update two knowledge base articles a week.' This will result in exactly that many being created or updated - often in very creative ways!

It's better to put goals on an outcome, like customer satisfaction or customer loyalty. Since they are inherently harder to measure, and harder for an individual to manipulate, it's necessary for a team member to ask questions and seek to understand before they can attempt to solve the problem.

Symptoms

How do you know if your organization has measures that aren't aligned to the big picture? Well, how many of these statements describe your organization?

- **Whiplash** from high-profile, high-visibility projects that are launched with a bang and then fizzle out, only to be replaced by a new set of 'transformative' projects the following year.
- **Lots of 'fire-fighting'** and thrashing around. These generate heat, noise, meetings and reports, but very little demonstrable progress.
- Cross-functional groups that constantly have to go up and **across the management chain** to deal with issues, instead of members of different teams being able to work out issues directly.
- An inordinate **obsession with customer satisfaction** as a proxy for the general state of the client relationship. Remember, in most companies, only a tiny fraction of customers ever contact you, even when they have a problem. (They attempt to solve it themselves, or reach out to others in the community). Of this tiny fraction of people who seek help from your support team, an even tinier fraction responds to your transactional survey on how 'happy' they are.

Managers often forget the tiny base on which customer satisfaction is typically built, and that's a mistake. I've seen significant bonuses paid out based on customer satisfaction scores. Good intent, poor execution. Customer satisfaction has its place, as does loyalty (which is usually far more useful). Just don't fixate on a single number to run your business.

Next steps

If you're looking for ways to align your strategic intent with the behaviors throughout the organization, here are some concrete next steps you can take:

1. **Come up with a litmus statement** and align it with what your company is all about. If a *vision* statement is what you want to be when you grow up, and a *mission* statement is how you are going to get there, then a *litmus statement is a short, sweet statement that describes uniquely what your team is accountable for*. One client came up with 'We own subscriber loyalty' as their litmus statement. Another put it, 'We are the advocate for the customer within the company.'

Tip: If you stumble for an answer when your grandmother asks you what you do for a living, you do not have a litmus statement.

2. Come up with **three or four balanced, high-level measures** that align with your company's goals, and use them to guide you in managing the organization. These should be cross-functional and applicable to all teams.

Sample measures could revolve around the 'golden four' - **increasing revenue from new customers; increasing revenue from existing customers; reducing the cost to serve your customer ecosystem; and customer/employee loyalty or engagement**. Of course they should be far more specific than that.

Note: You will need other measures to run your business, but not at the senior management level.

Tip: Rationalize, (globally) clarify and dramatically reduce your existing measures. Each should be easy to explain, the intent easy to understand, and as much as possible they should be from the customer's point of view.

Here's a good way to ruthlessly chop the number of measures you currently monitor. Any measure that does not help with at least two of your goals should not be part of the senior team dashboard. If it's critical, they can watch it at the project level.

Advanced tip: At all levels, goals on outcomes that are cross-functional in nature and aligned to the business are fantastic. For example, don't just celebrate when a software version is released, but when customers are adopting it and using it. This cuts across sales, marketing, engineering, support, professional services, training and others.

3. Come up with a few, **highly focused projects that help make your litmus statement a reality.** Think about people, process and technology-related projects that help the entire customer ecosystem.

Tip: Involve your frontline teams in choosing, defining and executing these projects. Mix up teams in terms of experience, geography, skill levels and even across functions. Let them develop the messaging, including the *What's in it for me?* message for stakeholders. Listen to them and let them lead. Do this right, and watch employee morale soar -- with all the goodness that emerges from that.

4. **Measure your direct reports and your teams the new way -- *guide, not grade.*** Outcome-based goals force you to ask many questions to really understand what is going on. Seek to understand before you seek to solve. There won't be any simple answers, no 'good' or 'bad.' It will make sense only when you know the *context* of what's going on. For example, a high customer satisfaction score may actually be bad if you're going bankrupt in the process.

Final thoughts

Guiding, not grading, is one of the most difficult management approaches a leader can adopt. You will initially feel that you're giving up a lot of control and are flying blind. However, once you are freed from noise and can focus exclusively on the most important things to the business, you and your teams will find this very liberating.

If you decide to embark on this journey, do reach out and share your results. You will join a small group of cutting-edge companies, and we can all learn from each other.