



INSIGHT REPORT

Five Steps for Building a Strong CX Metrics Program

BLUEPRINT FOR CREATING ACTIONABLE MEASUREMENTS

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EXECUTIVE SUMMARY

A robust customer experience (CX) metrics program allows an organization to systematically measure the quality of the experience it delivers to customers and provides insights that help companies spot improvement opportunities, prioritize investments, track CX progress, and unify the organization around a common goal. Despite these benefits, few organizations have actually built a strong metrics program. In this report, we provide a blueprint that organizations can follow to create an actionable CX metrics program. Here are some highlights:

- Temkin Group has identified five steps an organization must go through to create a strong CX metrics program: 1) *Determine a Core CX Metric*, 2) *Set Achievable Goals*, 3) *Identify Key Drivers*, 4) *Establish Key Driver Metrics*, and 5) *Make the Suite of Metrics Actionable*.
- To illustrate what these steps should look like, we share nearly 30 best practices from companies including Brainshark, Caesars Entertainment, Ciena, Cisco, Horizon BCBSNJ, Oxford Properties, and Wyndham Worldwide.
- We provide an assessment companies can use to both evaluate the effectiveness of their CX metrics program and identify where to focus improvement efforts.

CUSTOMER EXPERIENCE METRICS NEED A MAKEOVER

When a company invests in improving its customer experience (CX), it needs a way to validate the success of the efforts it's undertaking. Metrics are therefore an essential component of any CX program as they provide the company with a mechanism for assessing the impact of its customer experience improvement efforts. Having a robust set of CX metrics allows companies to:

- **Track progress towards achieving CX goals.** Customer experience metrics supply companies with quantitative evidence that their CX efforts are working.
- **Identify improvement opportunities.** CX metrics give companies a way to determine which operational activities have the strongest impact on customers.
- **Make the case for resources.** Metrics programs arm CX professionals with concrete numbers they can use to justify their requests for increased investment in current and future customer experience efforts.
- **Align CX efforts across the organization.** When organizations use CX metrics effectively, it keeps customer experience top-of-mind for employees and leaders and unites everyone around a common goal.

CX Metrics Programs are Currently Broken

Although many companies do have a CX metrics program, only 11% of those programs can be characterized as “strong.”¹ Temkin Group has found that efforts to build strong CX metrics programs are often hampered by companies’ tendencies to:

- **Set unrealistic goals.** Companies often establish CX metrics goals without first considering if these goals are realistic, or even desirable, for their business. Setting targets that aren’t anchored in the reality of your own business – and are therefore difficult to attain – will likely end up demotivating employees.
- **Obsess over a number.** Many insights teams spend an inordinate amount of time defending and trying to explain minor fluctuations in the CX metrics. Companies often overreact to insignificant changes that are more an artifact of survey methodology than a reflection of the actual customer experience.
- **Separate internal KPIs from CX metrics.** When organizations isolate their CX metrics from their internal operational metrics and key performance indicators (KPIs), they run the risk of creating a disconnect between CX goals and business objectives, which can lead to confusion when a company receives high scores on internal measures but low scores from customers.
- **Narrowly disseminate CX metrics.** An organization cannot gain traction for its customer experience improvements if employees are not aware of the status of these efforts. In fact, the most common problem companies encounter as they try to implement their CX metrics program is “limited visibility across the organization” (see Figure 1).²
- **Don’t incorporate CX metrics into business decisions.** Collecting and calculating metrics is ultimately useless if companies don’t take action on the findings. Unfortunately, less than half of organizations think they do a good job using CX metrics to make tactical or operational decisions, and less than one-third think they do a good job using these metrics to make strategic decisions (see Figure 2).³

THE ESSENCE OF A STRONG CX METRICS PROGRAM

A CX metrics program tracks a comprehensive set of measurements that help an organization understand the experience it delivers to customers. Building a successful CX metrics program requires more than simply defining and capturing customer feedback scores or distributing detailed monthly dashboards. A “strong” CX metrics program combines four attributes (see Figure 3).⁴ These attributes are:

- **Consistent.** The entire organization is aligned around one core set of CX metrics. Using a consistent set of CX metrics helps an organization build a common

¹ See Temkin Group Insight Report, “The State of CX Metrics, 2016,” (December 2016).

² See Temkin Group Insight Report, “The State of CX Metrics, 2016,” (December 2016).

³ Ibid.

⁴ Ibid. To understand which characteristics make a CX program “strong,” Temkin Group surveyed nearly 200 large companies with at least \$500 million of annual revenues during November 2016.

vocabulary, which allows it to have more productive discussions about customer experience.

- **Impactful.** Employees across the company consider CX metrics in their day-to-day work and when making strategic decisions. Companies identify metrics that are meaningful enough to drive decisions, and then they act on them.
- **Integrated.** Employees regularly discuss CX metrics and consider how changes to the business will affect the metrics. Companies integrate CX metrics into all their decision-making processes.
- **Continuous.** The company has processes for reviewing CX metrics and continuously making changes based on the metrics. CX metrics are an ongoing tool used to run – not just measure – the business.

FIVE STEPS FOR CREATING A STRONG CX METRICS PROGRAM

How do you create a strong CX metrics program? To answer this question, Temkin Group interviewed a number of vendors and practitioners about their best practices and lessons learned.⁵ Through our research, we identified five steps a company should follow to create a CX metrics program that is capable of driving action across the organization (see Figure 4):

- **Step #1: Determine a Core CX Metric.** Select a primary metric that measures the overall quality of customers' experiences with the organization.
- **Step #2: Set achievable goals.** Define realistic targets for the Core CX Metric based on an understanding of how the metric relates to business and financial objectives.
- **Step #3: Identify key drivers.** Find the moments, journeys, interactions, and customers that have the biggest impact on the Core CX Metric.
- **Step #4: Establish key driver metrics.** Develop metrics that evaluate how well the company performs on its key drivers.
- **Step #5: Make the suite of metrics actionable.** Leverage CX metrics to drive organization-wide support for customer experience improvements.

Step #1: Determine a Core CX Metric

At the heart of any strong CX metrics program is the Core CX Metric. A Core CX Metric is an easy-to-understand metric that measures the health of an organization's relationship with its customers (see Figure 5). This Core CX Metric acts as a North Star, aligning customer experience efforts across the entire organization around a single common goal. What qualities define a strong Core CX Metric? This metric should:

- **Be understandable to all employees.** The Core CX Metric should unite the customer experience efforts of teams, departments, and business units dispersed across the entire company. You therefore need to choose a measurement that is comprehensible

⁵ For this report, we interviewed a large HCM provider, Aflac, Andrew Reise, athenahealth, Brainshark, Caesars Entertainment, Ciena, Cisco, Dell EMC, HBO, Horizon BCBSNJ, InMoment, Ipsos, Medallia, Meijers, Oxford Properties, West Monroe, and Wyndham Worldwide.

to everyone, even those who historically have not been mindful of customer experience. Think of your Core CX Metric like a joke – if it demands too much explanation, it won't be effective. In fact, one reason Customer Satisfaction and Net Promoter Score® (NPS) are both so popular is because they are relatively easy concepts to grasp and explain (see Figure 6).⁶ When Cisco, for example, began using NPS as its Core CX Metric, it reached out to the entire employee base to ensure everyone understood the measurement. It posted an explanatory video about the metric on the community page and gave it the metric permanent real estate on the employee home page. Now, when employees click the “customer loyalty NPS” link on the page, it takes them to an NPS site dedicated to explaining what this measurement means for them. The page also describes NPS activities underway across the company and displays an interactive NPS dashboard containing customer comments relating to loyalty drivers. Cisco has found that groups across the organization – even those who historically may not have focused much on CX – understand and embrace NPS.

- **Provide actionable insights.** Companies often get bogged down searching for the “right” Core CX Metric when, in reality, most loyalty metrics tend to trend in the same direction. As long as your Core CX Metric is supplying meaningful insights your company can act upon, it is likely the “right” metric. So rather than spending valuable time hunting for the perfect metric, focus instead on getting everyone across the organization to use the same metric – whatever it is – and then leverage that metric to drive customer experience improvements. For example, Horizon BCBSNJ has historically used overall satisfaction (OSAT) as its Core CX Metric. Its customer experience team contemplated updating this metric to something more academic or buzzworthy, but it found that the other measurements under consideration all tended to move in the same direction as OSAT. Furthermore, the team found that the insurer's long history of using OSAT meant that the metric is embedded into the company's operating processes and is accepted and understood by leaders and employees. This Core CX Metric also continues to provide actionable information as it can be broken down by product levels and across lines of business.
- **Not be limited to attitudinal metrics.** As you set about choosing a Core CX Metric, keep in mind that it does not have to be an attitudinal measure from a survey. Sometimes behavioral metrics, like churn rates, usage rates, or retention rates, may be a better measure of customer experience for your particular business. For example, Brainshark chose Renewal Rate as its Core CX Metric. Although the company also tracks NPS and deploys traditional relationship surveys, it chose Renewal Rate as its main metric because it found that compared to attitudinal metrics, monitoring customer behavior was a more straightforward method for determining whether or not customers felt they received value from the company.
- **Reflect the attitudes and behaviors most essential to the brand.** As you determine your Core CX Metric, you need to ask, “What are the attitudes and behaviors we need to see from our target customers to support our brand?” Then be sure your North Star metric reflects those attributes. For example, Crowe Horwath's brand promise is, “We help our clients make smart decisions that create lasting value,” and Crowe has

⁶ Net Promoter Score, Net Promoter, and NPS are registered trademarks of Bain & Company, Satmetrix Systems, and Fred Reicheld.; See Temkin Group Insight Report, “State of CX Metrics, 2016,” (December 2016).

determined that when it fulfills this brand promise, its customers feel engaged. Therefore, the company's main CX metric looks at the percentage of clients who are in the top level of engagement, or "Fully Engaged." Crowe has created a metrics program dedicated to improving this metric, with a designated client engagement survey, articulated drivers of engagement, a measurement scorecard tracking engagement, and programs that recognize and reward the employees who generate engagement. By making "engagement" its main CX metric, Crowe has ensured that it delivers on its brand promise to customers.⁷

- **Relate to business objectives.** Companies' desire to improve their customer experience is not entirely altruistic – better customer experience correlates to higher ROI.⁸ Consequently, a Core CX Metric that demonstrably relates to key financial metrics will enjoy stronger support from executives and stakeholders. So as you set about choosing a Core CX Metric, be sure to select one that positively impacts business performance. For example, VCA Animal Hospitals uses "Client Satisfaction" as its primary CX metric, and it demonstrates the value of its CX efforts by explicitly tying Client Satisfaction scores to business revenue. Since VCA began actively focusing on customer experience in 2012, the percentage of customers who give the company seven out of seven for satisfaction has increased by 12 percentage-points, while the percentage that gives it a five or lower has dropped 8 points. The animal hospital has calculated that this jump in client satisfaction has financially benefitted the company in several tangible ways. First, when VCA tracked revenue per year per client by to their satisfaction score, it found a 148% increase in revenue for clients who give VCA a seven compared to those who give a score below a four. Second, since 2012, VCA has increased prices four separate times, yet almost a quarter of clients feel that its prices are fairer today than they were historically. And finally, VCA compared its CX scores to clients' return rates and discovered that the higher a client's satisfaction score, the more likely they are to return to one of the VCA hospitals.⁹
- **Be regularly revisited.** One major advantage of having a Core CX Metric is the ability to track and trend that score over time. However, every few years you need to revisit the Core CX Metric to ensure that it hasn't plateaued or become stale and is still driving customer experience improvements. In 2013, Ciena realized that its CX metrics had become solely a reporting exercise, so it halted its customer experience surveys for a year and began rethinking its approach (see Figure 7). The customer experience team initiated its search for a new Core CX Metric by interviewing Ciena's executives to understand what the company hoped to achieve by measuring CX. It then interviewed decision-makers at its customer organizations, asking them about their long-term goals. Based on these conversations, the team decided to measure customer experience across three different areas: *Do we meet a customer's needs? Is it easy for a customer to meet its needs?* and *How much value do we create for them from a business perspective?* These three areas aligned well with other industry measures, so Ciena combined them into its own Customer Experience Index (CXI) and now uses this new Core CX Metric to drive customer experience improvements company-wide.

⁷ See Temkin Group Insight Report, "Lessons in CX Excellence, 2017," (January 2017).

⁸ See Temkin Group Insight Report, "ROI of Customer Experience, 2016," (October 2016).

⁹ See Temkin Group Insight Report, "Lessons in CX Excellence, 2017," (January 2017).

Step #2: Set Achievable Goals

The Core CX Metric score is not very meaningful in and of itself. Alone, it offers no insight into whether the number is good or bad or why it's improving or declining. To make the Core CX Metric actionable, a company needs to set clear and realistic goals around the number based on how it relates to business and financial objectives. How the company sets these CX targets – how lofty or achievable they are – should align with the level of effort and resources it is willing to invest in improving its customer experience. The goals you set around your Core CX Metric should:

- **Be grounded in a baseline.** You must be realistic when you set targets for the Core CX Metric. If goals are set too high, employees are likely to become frustrated and demoralized, jeopardizing the company's ability to move the needle at all. Before developing goals, you should first determine a baseline score for your Core CX Metric. Understanding your starting point will allow you to set reasonable goals, track your progress towards reaching those goals, and plan resource investment. If, say, a retailer discovers its baseline customer satisfaction score is low, it should not then set a CSAT goal in the 80s. The inevitable failure to reach that goal will undermine the entire CX program, as employees across the organization would lose confidence in their ability to drive change. Furthermore, unreachable targets will negate all the benefits of setting up a CX metrics program in the first place as the metrics won't provide any meaningful information about where to funnel resources or focus improvement opportunities. Instead, the retailer should look at its baseline CSAT score and then set an improvement goal commensurate with its willingness to invest in CX. For example, if executives commit to a moderate investment in CX, the goal might be a single-digit improvement, whereas if they make CX a corporate priority, the goal may be a double-digit improvement.
- **Vary according to business situation.** Although the entire organization should be aligned around a single Core CX Metric, the goals you set for each location, product line, region, and even customer segment, should vary depending on the business needs of each. Oxford Properties, for example, uses NPS as its Core CX Metric; however, the specific NPS goal it sets for each of its properties differs depending on the property type and individual circumstance. Each of the company's asset classes – Office, Retail, Residential, and Industrial – have widely divergent NPS that cannot be combined together as some inherently earn higher scores than others. Oxford therefore sets the goals for each individual property based on the average NPS of its asset class. So a particular property with an NPS 15 points below average would be asked to improve halfway between its score and the average score of its asset class. Oxford also considers extenuating circumstances for individual properties. If, for example, a property's elevators are being replaced, it might set that location's NPS target lower than usual, but expect the scores to rebound after it finishes the renovations.
- **Be set as a range, not an absolute number.** Your Core CX Metric score is highly unlikely to increase in a linear fashion, so to avoid creating unnecessary panic when the number drops a statistically insignificant amount, make the targets for your score a range rather than a specific number. One large luxury retailer's main CX metric combines *recommend*, *revisit*, and *overall customer satisfaction* scores into a single

number, and the retailer sets an “expected range” for this score based on historical data. The company sets different ranges for each store segment – such as foot traffic, revenue generation, location, and region – and uses these unique ranges to establish year-over-year targets. So the CX metric target for a store located inside a US airport will differ from the target for a mall in China. If a store does fall outside its expected range, it triggers an investigation that digs into the customers’ open-ended comments.

- **Incorporate findings from competitor studies.** To set appropriate targets for your Core CX Metric, you not only need to know how your own metric is faring, you also need to understand how your rating compares with those of your competitors and the industry in general. Your score may be increasing, but if competitors’ scores are increasing more quickly, you will need to set more aggressive targets around your Core CX Metric. However, it’s important to note that as different companies use different phrasing, sampling methodology, survey mediums, point scales, etc., you cannot simply look at what competitors say their scores are – you must conduct your own periodic competitor studies. For example, on its post-visit surveys, Caesars Entertainment asks customers to identify their “favorite competitors” and to rate if the customer experience of those competitors is better than, the same as, or worse than Caesars’ experience.
- **Stop at the point of diminishing returns.** A company should develop goals around its Core CX Metric through careful analysis of the interplay between the Core CX Metric and other business outcomes. While it may seem like a given that an improvement in the metric’s score will positively correlate to an improvement in financial performance, in reality there often comes a point where achieving a higher CX score no longer increases revenue but instead starts costing the company money. For example, as a health insurer, Horizon BCBSNJ needs to balance its overall satisfaction scores with setting competitive prices. It has found that lower premiums correlate to higher OSAT scores; however, if it sets premiums too low, the company would end up operating at a loss. So while the insurer still aims to achieve high satisfaction scores, it doesn’t try to improve OSAT at the expense of its financial objectives.

Step #3: Identify Key Drivers

Not every interaction or customer is going to affect the Core CX Metric equally. To pinpoint precisely where to focus improvement efforts, companies must uncover the key drivers of this primary metric. Key drivers are the interactions with customers that have the biggest influence on the Core CX Metric. Companies can identify which moments have an outsized influence on the measurement through a combination of quantitative techniques – such as correlations, driver analysis, and predictive analytics – and qualitative feedback from employees, customers, and stakeholders (see Figure 8). To uncover key drivers, companies should:

- **Leverage analytical tools.** As you begin identifying key drivers, you should rely mostly on quantitative techniques as few people have the information or the know-how to accurately evaluate the relationship between potential drivers and the Core CX Metric. If you depend too much on qualitative insights, you risk conflating key drivers

with moments of truth.¹⁰ For example, before Horizon BCBSNJ's customer experience team quantitatively derived the main drivers of its Core CX Metric (overall satisfaction), many employees assumed the two main drivers of OSAT were "Customer Service" and "Payment Processing." However, a majority of customers never call the contact center, making "Customer Service" irrelevant to their satisfaction. Similarly, while payment processing after submitting a claim can be a make-or-break moment for those members, not all members submit claims. The CX team found that the top drivers of OSAT are instead moments that are experienced by all Horizon members and reflect overall customer expectations, like how easy the insurer is to do business with or how clearly it communicates.

- **Talk to key stakeholders.** The process for identifying key drivers should be mostly quantitative; however, once you have found these drivers, qualitative feedback can offer useful insights into how customers actually experience these moments. So after you deploy analytic tools to uncover key drivers, supplement those findings with employee feedback. Brainshark, for instance, created a three-part *Customer Adoption Score* to help it determine customers' likelihood of renewing. The first two parts of the score look quantitatively at product usage and customer engagement, but for the third part of the measure, the company asks Customer Success Managers (CSMs) about their gut feel on the renewal status of their individual accounts. Brainshark values this information as CSMs interact with their accounts on a regular basis, and they can bring a more personal perspective to the accounts' activities. In another example, one health insurance company held stakeholder meetings to understand the interplay between its analytically derived key drivers and its more qualitative journey maps. Employees used the company's journey maps to discuss and identify how each key driver impacted diverse types of customers and how it affected customers across different journey stages.
- **Find key drivers for each main segment.** Key drivers will vary across product lines, business units, brands, and customer segments. So to figure out which specific levers you need to move to improve your Core CX Metric, you should identify the key drivers for each of your important segments. Oxford Properties, for example, manages several distinct types of properties, and it determined the key drivers of NPS for each one. At Office locations for instance, key drivers include public area cleanliness, temperature, and security, whereas key drivers at Retail locations include the mix of stores, parking, washroom cleanliness, and food court options. Identifying key drivers by segment also allows you to spot driver overlap between segments, which is valuable knowledge when trying to decide where to focus improvement efforts. For example, one health plan broke down the key drivers of NPS by customer type, whether they were on the individual market, large and small group plans, or Medicare. They further split each of these groups into Promoters or Detractors based on the Net Promoter Score methodology. Ultimately, the insurer concentrated its CX efforts on improving the key drivers that showed up in each of these segments.
- **Investigate customer journeys.** The word "driver" often brings to mind an individual interaction owned by a single functional group. But this interpretation doesn't reflect the reality of how customers actually view their experience with a company. To find

¹⁰ Temkin Group defines moments of truth as, "The individual interactions that have the biggest impact on customer loyalty."

key drivers, you also need to look at which customer journeys – meaning the combination of channels and processes a customer goes through to complete a goal – most influence the Core CX Metric. For instance, one credit card company's analytics team investigated the key drivers of its NPS and found 20 “promoter” drivers – six of which had a very strong impact on the score. The team then drafted a journey map for each driver to help it better understand the experience from the customer's point of view, as well as from a business and financial standpoint. Mapping out these journeys enabled the analytics team to articulate to leadership why it was so essential to allocate more resources to these particular areas, especially since only 1% of resources had previously been earmarked for these six journeys.

Step #4: Establish Key Driver Metrics

To hold leaders and employees accountable for improving the parts of the key drivers they control, companies must develop “key driver metrics” (see Figure 9). A key driver metric is a granular metric that measures one specific element of a driver. Unlike the Core CX Metric, these metrics will be plentiful and diverse. Each particular group at the organization should have its own unique set of key driver metrics that reflects how it affects the key drivers and, by extension, the Core CX Metric. To be effective, these key driver metrics should:

- **Encompass more than just survey metrics.** Key driver metrics are more than just loyalty metrics found in transactional surveys, like NPS or satisfaction. Key driver metrics also include operational, behavioral, and journey measurements (see Figure 10). To ensure that each team and functional group contributes to the company's CX efforts, you need to identify the specific combination of key driver metrics each group should track. For example, when Ciena first began measuring CXI as its Core CX Metric, most of its functional groups measured a number of operational KPIs, but didn't look at any customer perception metrics. To help these groups develop a more complete set of CX metrics, Ciena's customer experience team created the *Inside Out/Outside In Scorecard* (see Figure 11). It generated this scorecard by first identifying the company's main customer perception metrics – such as the customers' views of pricing, delivery, and support – and then asked functional owners to look within their group's operational metrics and find the two or three internal performance indicators that are most relevant to these customer perception KPIs. Ciena then displayed these internal metrics alongside the customer perception metrics on the scorecard. Each measure's performance is compared to a target and scored either red, yellow, green to identify any gaps between internal and external perceptions. This scorecard allows each functional group to see how well they are performing on the customer perception and operational metrics that are most essential to the company's CXI.
- **Be based on data, not intuition.** Most companies have a general sense of which customer behaviors, perceptions, and operational measurements positively influence their Core CX Metric – like customers joining a loyalty program or first call resolution. However, you cannot rely on gut feeling alone to determine key driver metrics; you need to actually perform quantitative analysis to determine which driver metrics each group should measure. For example, companies often assume that calls to customer support negatively affect customer experience as they indicate that customers are experiencing problems they could not resolve on their own. Brainshark, however, has

found that calls into support early on in a customer's tenure actually indicate that the customer is more engaged with the company. This is important, as "engagement" is one of the key drivers of Renewal Rate, its Core CX Metric. Brainshark therefore measures whether customers are calling into support within their first six months – and considers it a troubling sign if this number is low.

- **Connect individual performance to the overarching CX strategy.** While most companies do have a Core CX Metric that they measure and share across the organization, employees don't always understand how they personally impact this score. To make this connection clear, you should develop key driver metrics for each team or functional group that reflect how that individual group's performance contributes to the company's broader CX objectives. For example, Oxford Properties' Core CX Metric is NPS, and of the key drivers of this score for its Office properties is "response time to support tickets" (see Figure 12). The company therefore measures site teams on how quickly they address and resolve support tickets. Oxford's goal is to address 95% of office support tickets within 30 minutes and resolve 90% of tickets within 24 hours, and this performance has contributed to an NPS score of 46% and a 10 percentage-point increase in the Office customer retention rate.¹¹ By developing these key driver metrics, Oxford has helped site team employees understand how their individual performance affects NPS and, by extension, Oxford's business objectives.
- **Include leading indicator metrics.** While many key driver metrics will be "lagging" indicators, meaning that they measure things that have already happened, you should also establish some "leading" indicator metrics to proactively alert teams to potential issues that will affect key drivers in the future. For example, SunPower – an energy company that installs solar panels – uses NPS as its primary CX metric, and one key driver of this metric is how long it takes for the customer to go from signing a contract to having a fully operational solar system. To help keep this timeline as short as possible, SunPower measures the average time it takes for customers to hit three separate milestones in the life cycle. These measurements act as leading indicator metrics as an increase in any of the average times indicates an underlying issue that SunPower needs to address. By monitoring these metrics, SunPower is able to correct its course before problems begin to significantly impact NPS.¹²
- **Be created where necessary.** When you first start looking at which metrics support the key drivers of your Core CX Metric, you may find that the metrics you need don't currently exist. This poses a problem as key driver metrics provide teams and functional groups with feedback about whether or not their CX efforts are having the desired effect. Therefore, in cases where these measurements don't yet exist, you need to define new driver metrics. For example, one health insurer identified "Easily Understand Benefits & Select Plan that Meets My Needs" as a top driver of its NPS. When it started looking at metrics to support this driver, it found that it already had two attitudinal metrics in place – Percent Satisfaction with Plan Options and Percent Satisfaction with Plan Comparison Tool – but it did not have any operational metrics. To address this deficiency, the insurer's CX team developed new operational metrics (see Figure 13).

¹¹ See Temkin Group Insight Report, "Lessons in CX Excellence, 2017," (January 2017).

¹² See Temkin Group Insight Report, "Lessons in CX Excellence, 2016," (January 2016).

Step #5: Make the Suite of Metrics Actionable

CX metrics let companies know which parts of the customer experience are going well and which parts are not. However, these insights are only valuable if the company uses them to drive day-to-day business decisions, both at an individual employee level and at an overall organization level. To use this suite of CX metrics to drive a company-wide culture of customer-centricity, an organization needs to:

- **Tailor distribution by audience.** While it's important to keep employees and leaders informed about the movements of the Core CX Metric and relevant driver metrics, insights teams need to be careful not to overwhelm stakeholders with an overabundance of data. In reality, not all employees require the same type of access to data and insights, and giving them too much information too frequently will cause them to tune out. CX teams therefore need to be discriminating about who sees which scores and in what format these scores are presented. Wyndham Worldwide's customer experience team shares different data with employees than it does with senior leaders as it recognizes that these two groups use the data in different ways (see Figure 14). The CX team shows employees a breakdown of the company's Core CX Metric – Overall Satisfaction – by hotel brand, customer segment, and key drivers. Senior Leaders, meanwhile, see which brands have the highest and the lowest ratings and which brands scores have increased or decreased most dramatically. In fact, the CX team recently cut back on the amount of data and insights it shared with executives to focus more on the areas most meaningful to them. By only giving its audience the metrics data they need to succeed, and nothing additional, the CX team has enabled stakeholders across the organization to drive action more efficiently.
- **Define the role-specific behaviors that drive metrics.** In order to improve your customer experience metrics, you must hold people accountable for behaving in ways that provide a positive customer experience. However, you cannot expect employees to automatically know exactly what they need to do to improve these metrics. You must define the role-specific behaviors each employee should exhibit to improve both the Core CX Metric and their key driver metrics, and then you should help them learn those behaviors through training and coaching. For example, one global athletic retailer conducted a detailed analysis to identify the key frontline employee behaviors that drive customer satisfaction. Once it understood what these behaviors were, it then helped employees exhibit them by creating comprehensive training, measurement, coaching, and reward programs to teach, track, and reinforce these behaviors. The retailer then used a combination of real-time alerting, coaching, and detailed reports to identify which frontline teams were delivering the optimal customer experience and which required additional coaching. In six months, the percentage of customers who said they were “extremely satisfied” with the shopping experience increased by five percentage-points and these satisfied customers spent an average of \$3.30 more per visit.
- **Create a culture of accountability.** A company will not improve any of its customer experience metrics if no one considers it their personal responsibility to increase the score or take action on the insights. So to make your metrics program actionable, you need to establish accountability by setting up governance practices that assign specific CX metrics-related responsibilities to different people and groups at your organization. SunPower, for example, has established multiple levels of accountability to ensure that its suite of CX metrics actually drives customer experience

improvements. It has created a cross-functional executive steering committee that oversees and guides its NPS Improvement Program. A team is formed to address each major issue hindering the company's NPS, known as the "Top Issues," and this team is responsible for establishing metrics to keep the process of addressing these issues on track. Meanwhile, every week business units report their customer metrics' scores and their efforts addressing the Top Issues to the company's executive team. SunPower also identifies a single point of accountability for each of its CX metrics, which include extremely granular measurements like, "Did we route the web leads to a deal partner in under a minute?" and "Did we complete all requests for 'sale of home' lease transfer within 14 days?"¹³

- **Celebrate successes.** CX metrics are a powerful tool for driving customer-centric behaviors as they enable a company to recognize and reward high-performing employees. Although compensation is important, companies should also use non-monetary incentives to show appreciation for employees who exhibit customer-focused behaviors. For example, one company focuses on how many WOWs frontline employees can generate. Each transaction is connected to an employee's number, and if they receive the most WOWs, they get first choice of shifts for the next week. In addition to providing employees with tangible rewards, the company also taps into intrinsic motivations, particularly employees' desire to feel competent. The company considers the employees who generate the most WOWs to be best practice thought leaders and recognizes them as a specialist in whatever their particular skill is, like speed or product quality. The company also asks them to help it build and refine its best practices and then gives them credit for authoring it.
- **Include CX metrics in trade-off decisions.** When companies make strategic investments, they typically take a variety of business and financial considerations into account, yet often overlook input from CX metrics. In fact, the number one problem companies identify as an obstacle to their customer experience efforts is "other competing priorities."¹⁴ A company may decide, after a thorough evaluation of its business and CX objectives, to invest in an area that doesn't improve, or may even negatively impact, its customer experience. However, it needs to at least have included CX metrics in its deliberation and understand how its decision will impact customers. For example, one insurance company's insights team repeatedly heard that customers felt frustrated by its billing system, which in turn negatively impacted its Core CX Metric. The team showed these scores to the executive team, but they ultimately decided to fund other projects at the expense of its CX metrics scores. On the other hand, one large HCM provider made the decision to end a contract with a third-party vendor because customers repeatedly gave the vendor a low NPS – the company's Core CX Metric. Before terminating the contract, it worked with the vendor and used CX metrics as a tool to help the vendor improve. When the implementation vendor continued receiving low scores, however, the company terminated the contract early and brought the work in house – despite the substantial expense and negative effect on productivity levels – because it did not want customers to have suboptimal experiences. After moving the business in-house, NPS went from being a negative number to double-digit positive number. Although the executive teams at

¹³ See Temkin Group Insight Report, "Lessons in CX Excellence, 2016," (January 2016).

¹⁴ See Temkin Group Insight Report, "The State of CX Management, 2017," (May 2017).

these two companies ultimately made different trade-off decisions, each at least considered the impact their choice would have on its customer experience metrics.

- **Invest in improving key drivers.** Once a company understands which factors have the biggest impact on its Core CX Metric, it needs to allocate time and resources to making those areas better for customers. Century Support Services – a debt consolidation company – uses Client Retention Rate and its inverse, Cancellation Rate, as its main CX metrics. Because the Cancellation Rate is four times lower for customers who remain in the program past the first settlement, Century dug into which specific factors affect whether or not a customer stays in the program. It identified three key drivers: a Welcome Call, the ease of its interactions, and the time it takes to reach that first settlement. So to keep its Cancellation Rate low, Century now ensures that it introduces each customer to the program with a Welcome Call that explains the program in depth, gauges client's expectations for the journey, and reassures clients they are on the right path. It also discovered that the second two drivers are interrelated – the speed at which it can reach the first settlement is affected by how easy it is for a customer to interact with the company. It therefore invested in creating a text option so customers can receive and approve settlement offers quickly and painlessly.¹⁵
- **Selectively tie CX metrics to compensation.** To embed customer experience metrics in the company culture, you need to monetarily compensate employees – usually in the form of a bonus – based on improvements to measurements. You need to handle compensation very thoughtfully, however, as a poorly designed compensation program may inadvertently drive the wrong employee behaviors, like gaming the system to receive higher scores from customers. To create a compensation program that motivates employees to truly embrace CX metrics, you must consider three different components: *Align Attention with Core CX Metric*, *Focus Efforts on Key Drivers*, and *Encourage Supporting Behaviors* (see Figures 15 and 16). When you compensate based on these three components, employees are driven to care about the company's overarching customer experience strategy as well as their own team's contributions to CX. It is important to remember that compensation should be based on team – not individual – performance, it should be used to reinforce good behaviors, and it should be rewarding, not punitive.

ASSESS YOUR CX METRICS PROGRAM

Once you've followed the five steps, your CX metrics program should meet our criteria of being *consistent*, *impactful*, *integrated*, and *continuous*. To help you evaluate your program, Temkin Group has developed a *Customer Experience Metrics Program Assessment* (see Figure 17). You can use this tool to:

- **Assess your CX metrics program's effectiveness.** Complete the assessment to determine how competent your organization is at each of the five steps as well as your program's overall effectiveness.

¹⁵ See Temkin Group Insight Report, "Lessons in CX Excellence, 2017," (January 2017).

- **Discuss the results.** Share your findings with colleagues, and then discuss the implications of your scores and talk about any differences between your assessments.
- **Identify areas of weakness.** Using the results from this assessment, determine which steps need the most work. Be sure to look at the individual questions to spot specific areas for improvement.
- **Plan improvements.** Identify a few specific areas to focus on and then put plans and measurements in place for improving your CX metrics program.
- **Track your progress.** Take the assessment at regular intervals to track your CX metrics program's ongoing value to the organization.

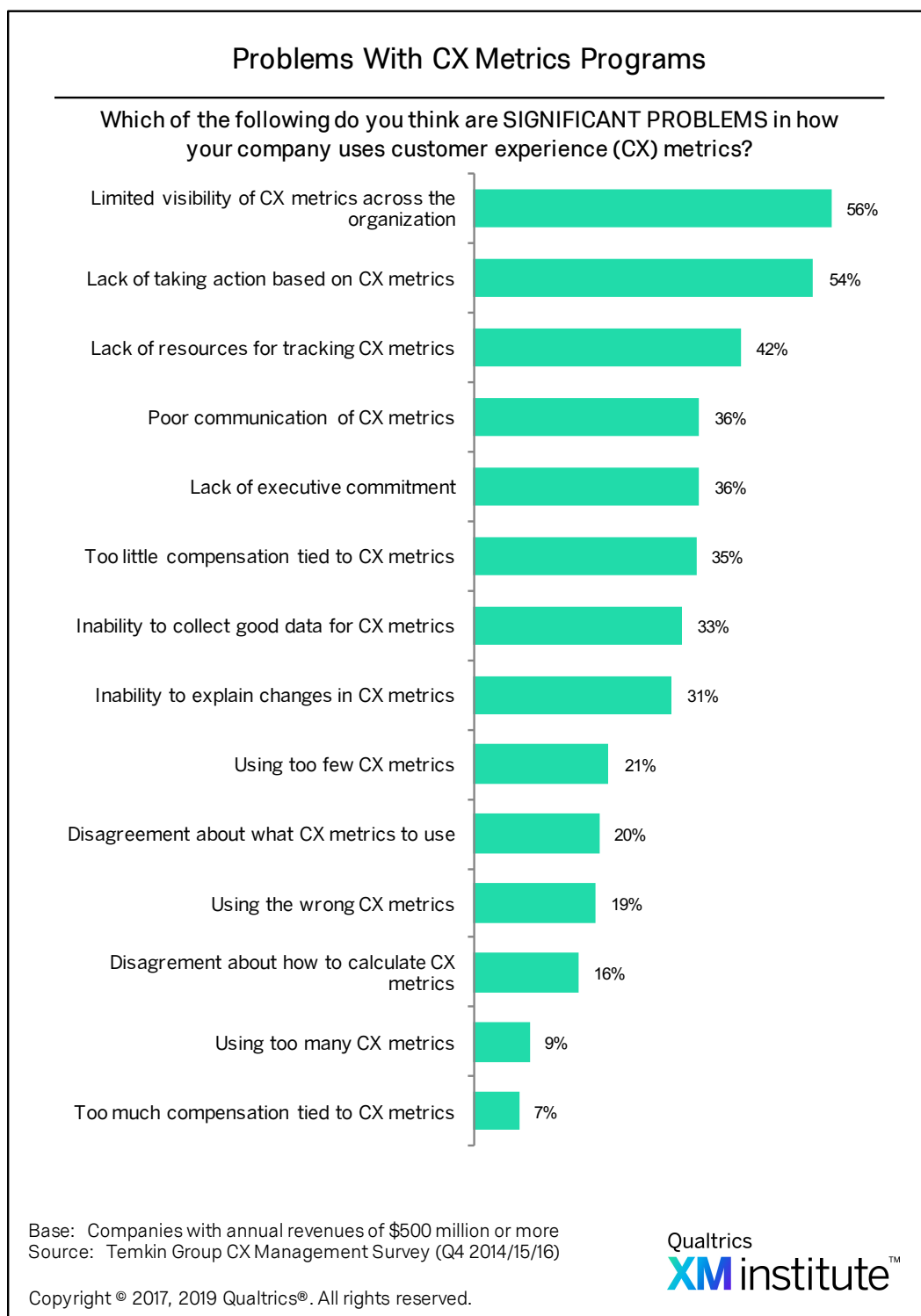


Figure 1

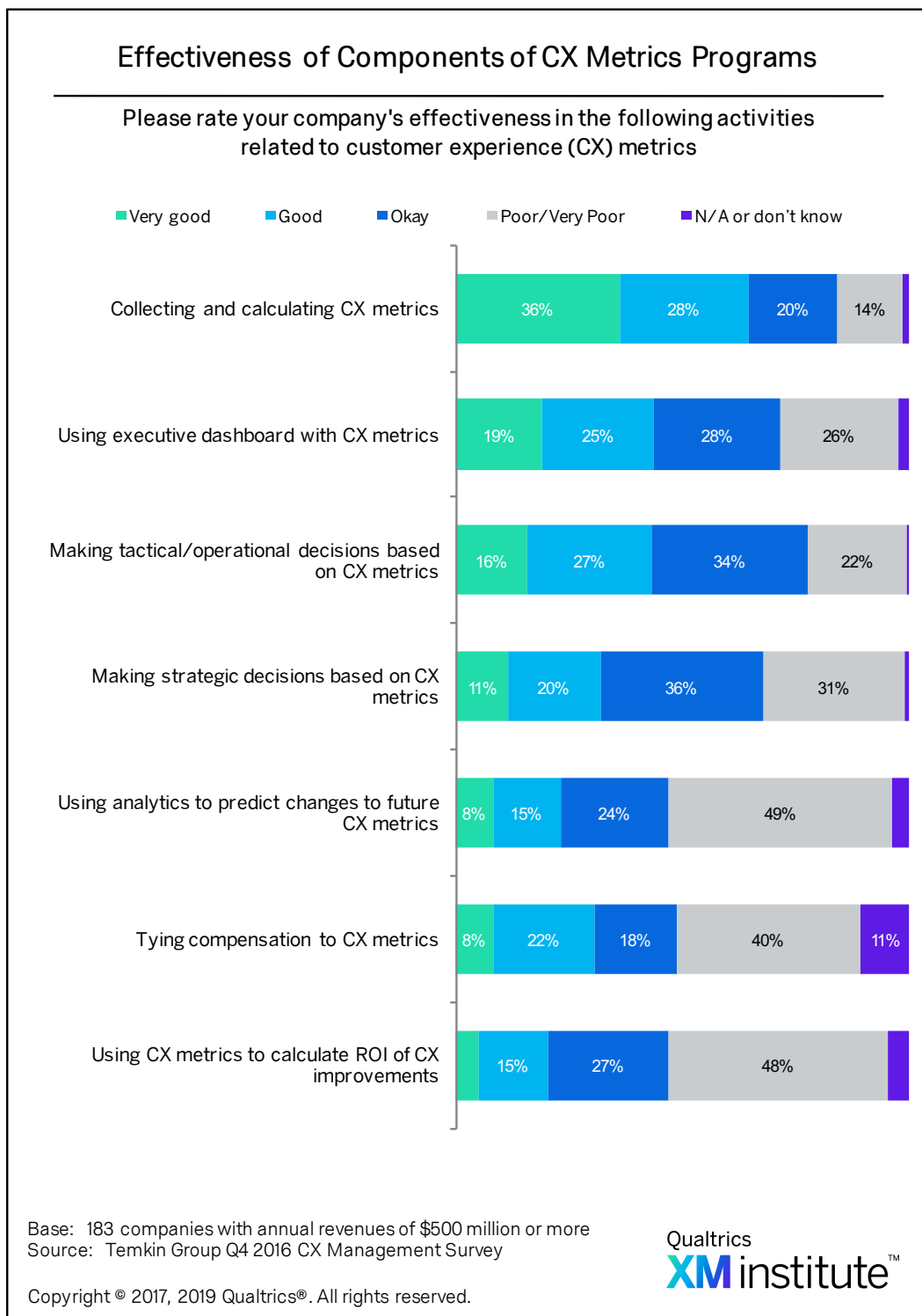


Figure 2

Best Practices Across Consistent, Impactful, Integrated, & Continuous	
Strong CX Program Characteristics	Best Practice
Consistent The entire organization is aligned around one core set of CX metrics.	Business units across one large HCM provider had historically asked a “likelihood to recommend” or NPS question, but the wording varied by survey. For example, one survey might ask whether the customer would recommend the company to “a colleague or friend,” while another asked only about a “business associate,” or a “colleague.” Recently, the company aligned how it asks the NPS question across the entire company, making sure all departments ask the same question the same way. Now the CEO and other senior leaders can review and compare NPS scores on a regular basis and know that it is measured using the same methodology regardless of business unit or region.
Impactful Employees across the company consider CX metrics in their day-to-day and strategic decisions.	At Horizon BCBSNJ, the company took on an organization-wide effort to improve its individual member experience, which had significantly lower overall satisfaction scores than its other member segments. The organization revamped the entire individual member experience during a three-year period, changing everything from how the company positioned products for the individual market, to sales and onboarding, to how it reviews communications across every touchpoint. As result of this concerted focus, overall satisfaction scores for this segment increased 20 percentage-points.
Integrated Employees regularly discuss CX metrics and consider the impact changes to the business will have on the metrics.	Oxford Properties shares CX metrics and customer verbatims with all of its site leadership teams, who then create actions plans based on this input. The site leaders then highlight the top three lessons learned from the metrics, the top three opportunities for improvement, and draft three action items for closing the loop with customers. The customer experience team brings all this information together to show how the business uses the metrics in its ongoing operations.
Continuous The company has processes for reviewing CX metrics and continuously making changes based on the metrics.	Cisco enables all employees to access its customer loyalty scores through the employee homepage. To help employees interpret the score, Cisco has them click on a link, which takes them to a Jive community page that explains what NPS is, shows actual customer comments, and shares some of the CX activities taking place across the company. Employees can then connect to the NPS dashboard, where they can see scores across different segments and regions.

Figure 3

Best Practices Across the Five Steps	
	Best Practice
Step 1. Determine a Core CX Metric	<p>A Core CX Metric should:</p> <ul style="list-style-type: none"> • Be understandable to all employees • Provide actionable insights • Not be limited to attitudinal metrics • Reflect the attitudes and behaviors most essential to the brand • Relate to business objectives • Be regularly revisited
Step 2. Set Achievable Goals	<p>Goals for Core CX Metrics should:</p> <ul style="list-style-type: none"> • Be grounded in a baseline • Vary according to business situation • Be set as a range, not an absolute number • Incorporate findings from competitor studies • Stop at the point of diminishing returns
Step 3. Identify Key Drivers	<p>To uncover key drivers, companies should:</p> <ul style="list-style-type: none"> • Leverage analytical tools • Talk to key stakeholders • Find key drivers for each main segment • Investigate customer journeys
Step 4. Establish Key Driver Metrics	<p>Key Driver Metrics should:</p> <ul style="list-style-type: none"> • Encompass more than just survey metrics • Be based on data, not intuition • Connect individual performance to the overarching CX strategy • Include leading indicator metrics • Be created when necessary
Step 5. Make the Suite of Metrics Actionable	<p>To use CX metrics to drive customer-centricity, companies should:</p> <ul style="list-style-type: none"> • Tailor distribution by audience • Define the role-specific behaviors that drive metrics • Create a culture of accountability • Celebrate successes • Include CX metrics in trade-off decisions • Invest in improving key drivers • Selectively tie CX metrics to compensation

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Figure 4

How to Craft a Strong Core CX Metric

- **Make it simple and easy to understand**
Choose a Core CX Metric that is easily understood by employees at all levels across the organization.
- **Don't overly focus on one "right" metric**
Avoid becoming obsessed with finding the one true metric that will do everything – there are likely several metrics that could work equally as well.
- **Determine the metric's purpose**
Select a Core CX Metric that clearly relates to brand or business objectives.
- **Make it easy to deploy**
Make sure it is straightforward to collect and share the Core CX Metric on an ongoing basis.
- **Ensure that it is actionable**
Use the Core CX Metric to help identify the best opportunities to drive CX improvements.
- **Identify key drivers that impact the metric**
Pinpoint which interactions, journeys, or customer segments have the biggest impact on the Core CX Metric.
- **Periodically review and update the metric**
While trending and tracking the metric over time is important, be sure that the Core CX Metric continues to drive customer-centric decisions.

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Figure 5

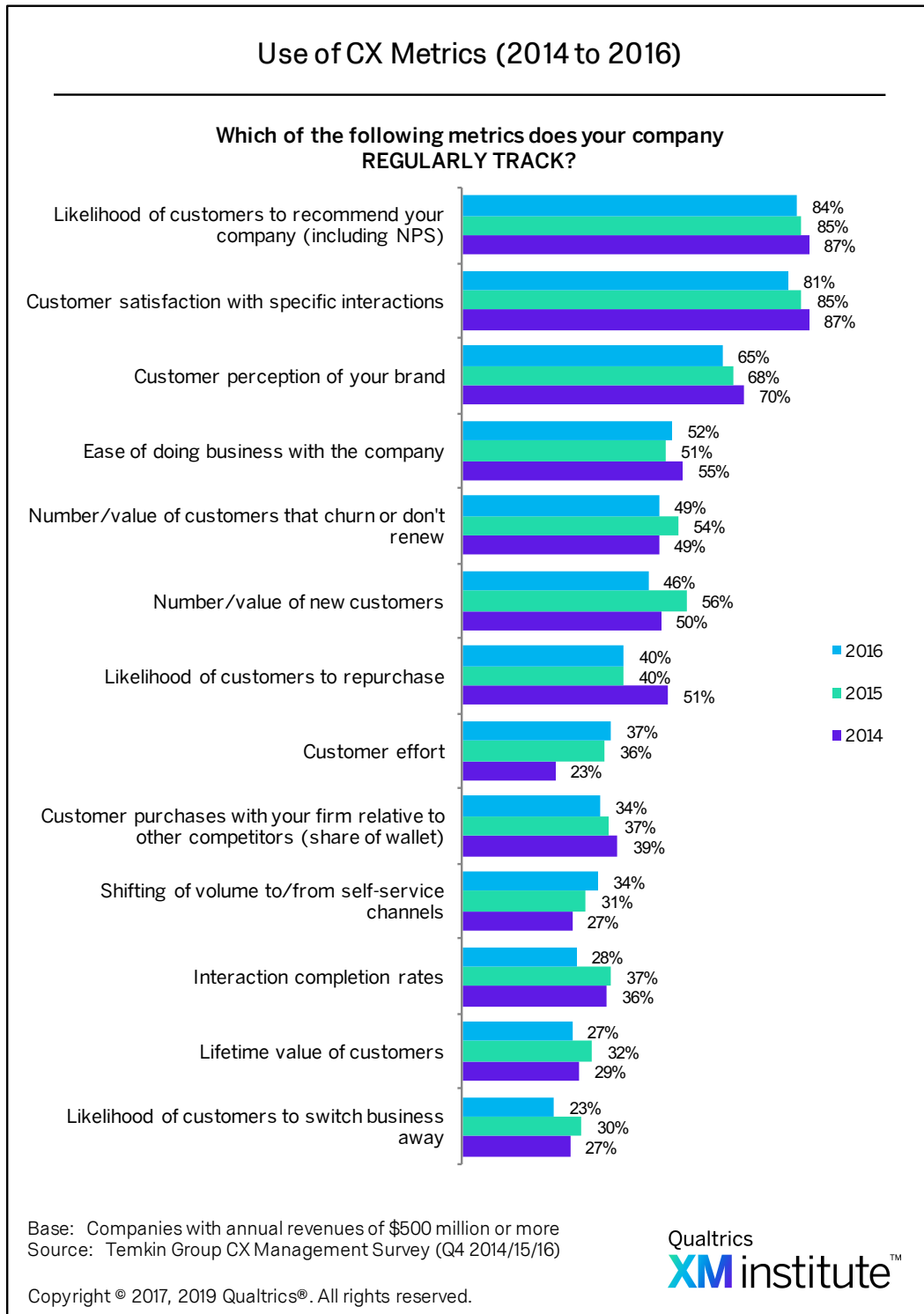


Figure 6

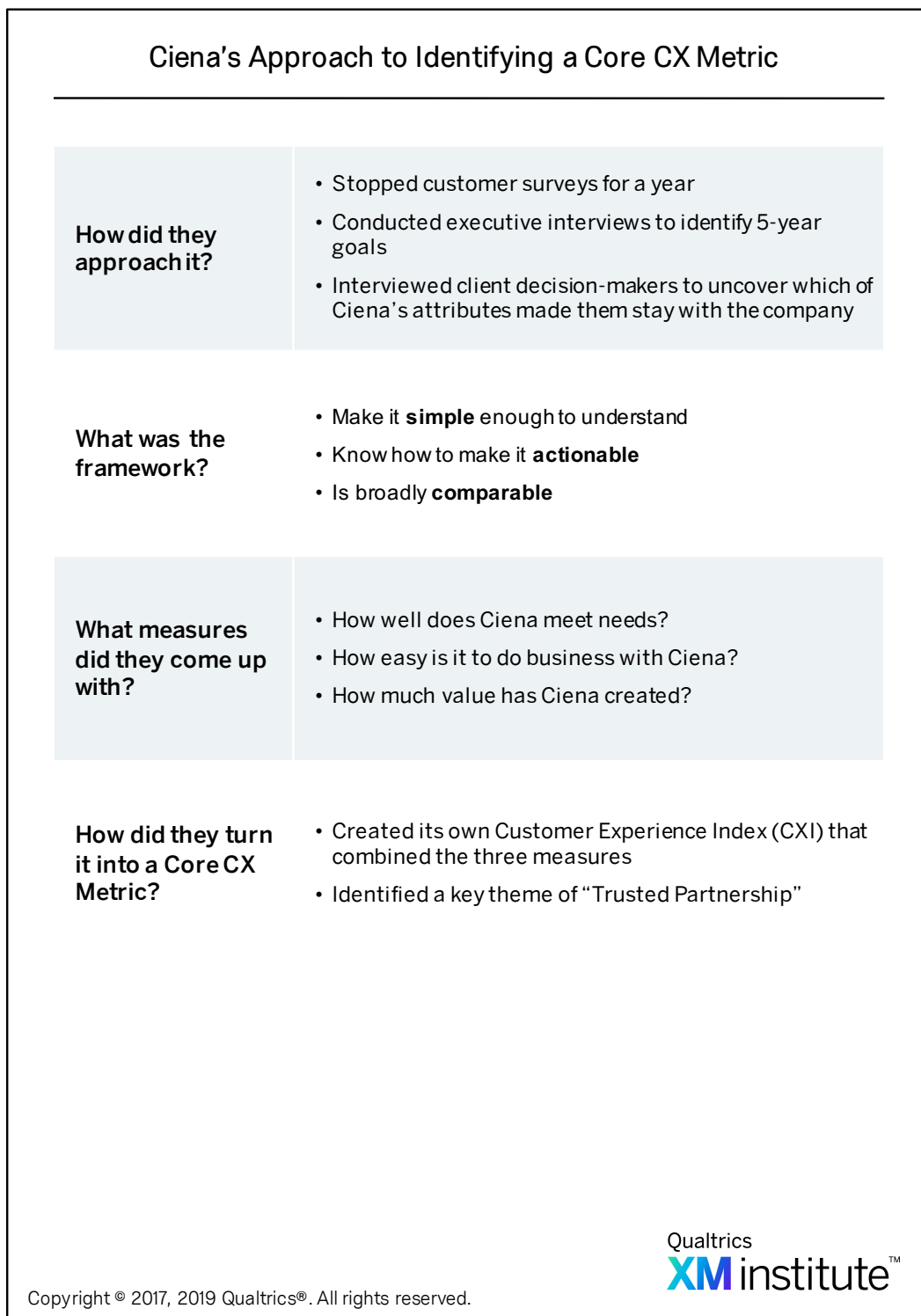


Figure 7

Tools for Identifying Key Drivers

Existing Research	Taps into research the company has already collected and analyzed, including survey responses, contact center notes, email/chat transcripts, and social media posts as well as insights from ethnographic research, advisory councils, and focus groups.
Stakeholder Meetings	Facilitate discussions with cross-functional leaders about who owns different parts of the customer experience. These meetings provide an opportunity to identify key customer journeys and interactions that ultimately impact the Core CX Metric.
Correlation Analysis	Quantifies the strength of a relationship between two metrics to determine if they trend together (e.g. as one increases, so does the other). For example, you can do a correlation analysis to determine how customer satisfaction and revenue relate to each other.
Regression Analysis	Determines how a set of independent variables relate to a dependent variable. For example, regression analysis identifies which drivers out of a set of potential drivers have the strongest ability to predict NPS.
Linkage Analysis	Allows you to link different data sources together to understand how they relate to one another. For example, linkage analysis can help determine the relationship between transactional metrics and operational metrics, or a loyalty metric and financial outcomes.
Predictive Analytics	Uses techniques like predictive modeling, machine learning, data mining, and AI to predict the likelihood of future events based on historical data. For example, predictive analytics indicates which customers are likely to give a company low satisfaction scores based on similar customers' ratings.

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Figure 8

Examples of Company's Suites of Metrics			
Company	Core CX Metric	Key Drivers (examples)	Key Driver Metric (examples)
Horizon BCBSNJ	Overall Satisfaction	<ul style="list-style-type: none"> Benefit Cost & Coverage Plan Understanding Customer Service Payment Process 	<ul style="list-style-type: none"> Transactional satisfaction surveys after interactions
Ciena	Customer Experience Index	<ul style="list-style-type: none"> Did we meet customers' needs? Is it easy for customers to meet their needs? Did we create create personal and business value for the customer? 	<ul style="list-style-type: none"> Transactional surveys after interactions 2-3 internal KPIs from each functional owner
Brainshark	Renewal Rate	Customer Adoption Score <ul style="list-style-type: none"> Usage of products & features Engagement levels Customer Success Manager Feedback 	<ul style="list-style-type: none"> Calls to support in first 6 months Webinar attendance Training attendance Custom content engagement Using products to deliver courses
Caesars Entertainment	NPS	<ul style="list-style-type: none"> Service Environment Overall Experience 	Deep dive into each: <ul style="list-style-type: none"> Safety Excitement What they did Employees

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Figure 9

Types of Key Driver Metrics		
Type of CX Metrics	<u>Attitudinal Examples</u> How the customer feels about the experience	<u>Behavioral Examples</u> What the customer actually does
Relationship Customer's perception of or loyalty to an organization	<ul style="list-style-type: none"> • Likely to Recommend (NPS) • Overall Satisfaction • Likely to Repurchase • Perceived value • Ease of Doing Business 	<ul style="list-style-type: none"> • Renewal • Attrition/Churn • Referrals • Repurchase
Transactional Customer's perception of individual interactions with an organization	<ul style="list-style-type: none"> • Customer Effort Score • Satisfaction with interaction • Understanding of monthly bill 	<ul style="list-style-type: none"> • Interaction completion rates • Pathway through a store
Operational Measurement of what's happening internal to an organization	N/A	<ul style="list-style-type: none"> • Percentage of employees who use knowledge base during a call
Journey Measure of a customer's experience across multiple interactions	<ul style="list-style-type: none"> • Emotional response to buying and installing new product • Satisfaction with overall support experience 	<ul style="list-style-type: none"> • Time until next support call after a support journey • Number of inquiries during a purchase journey

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Figure 10

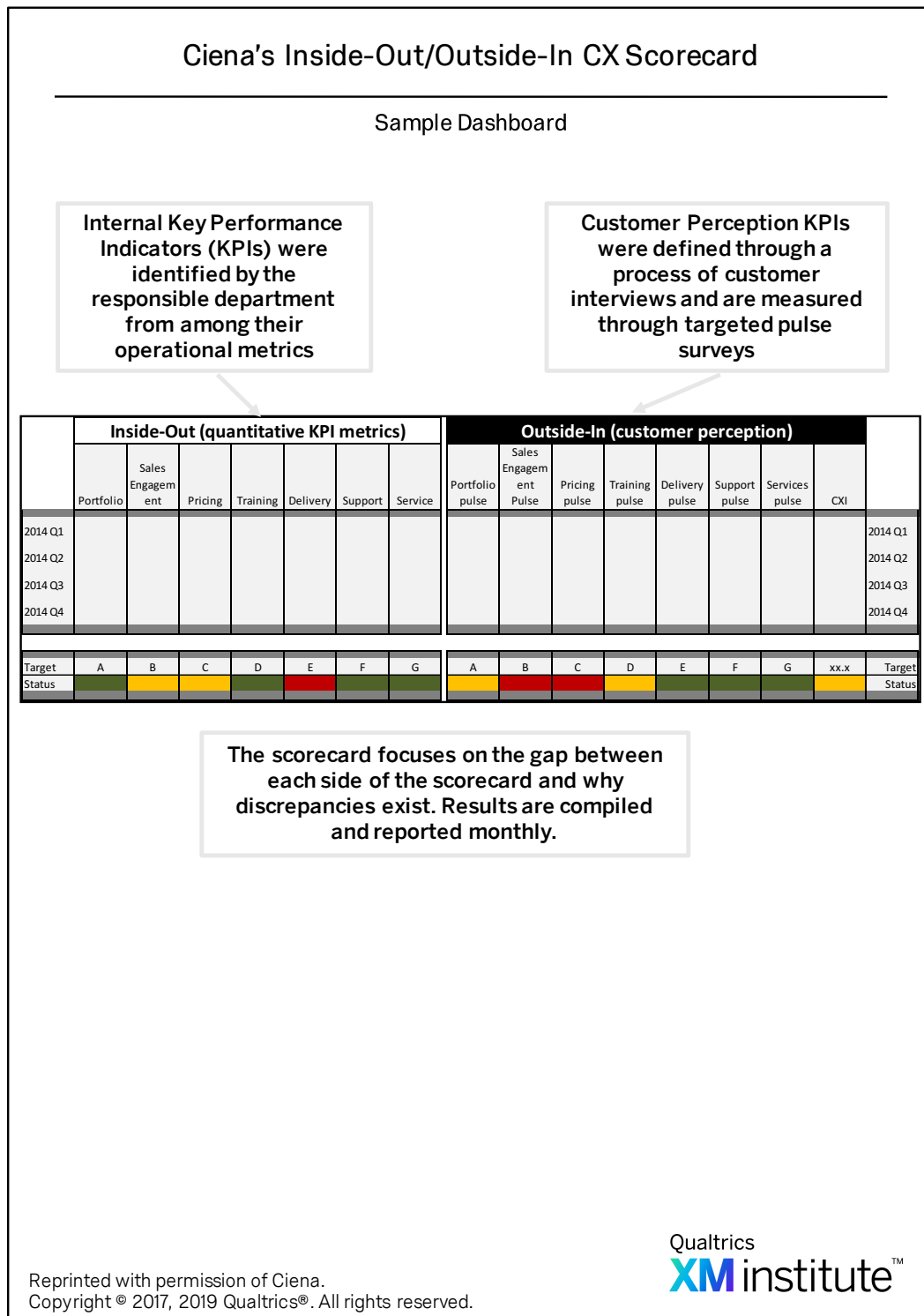


Figure 11

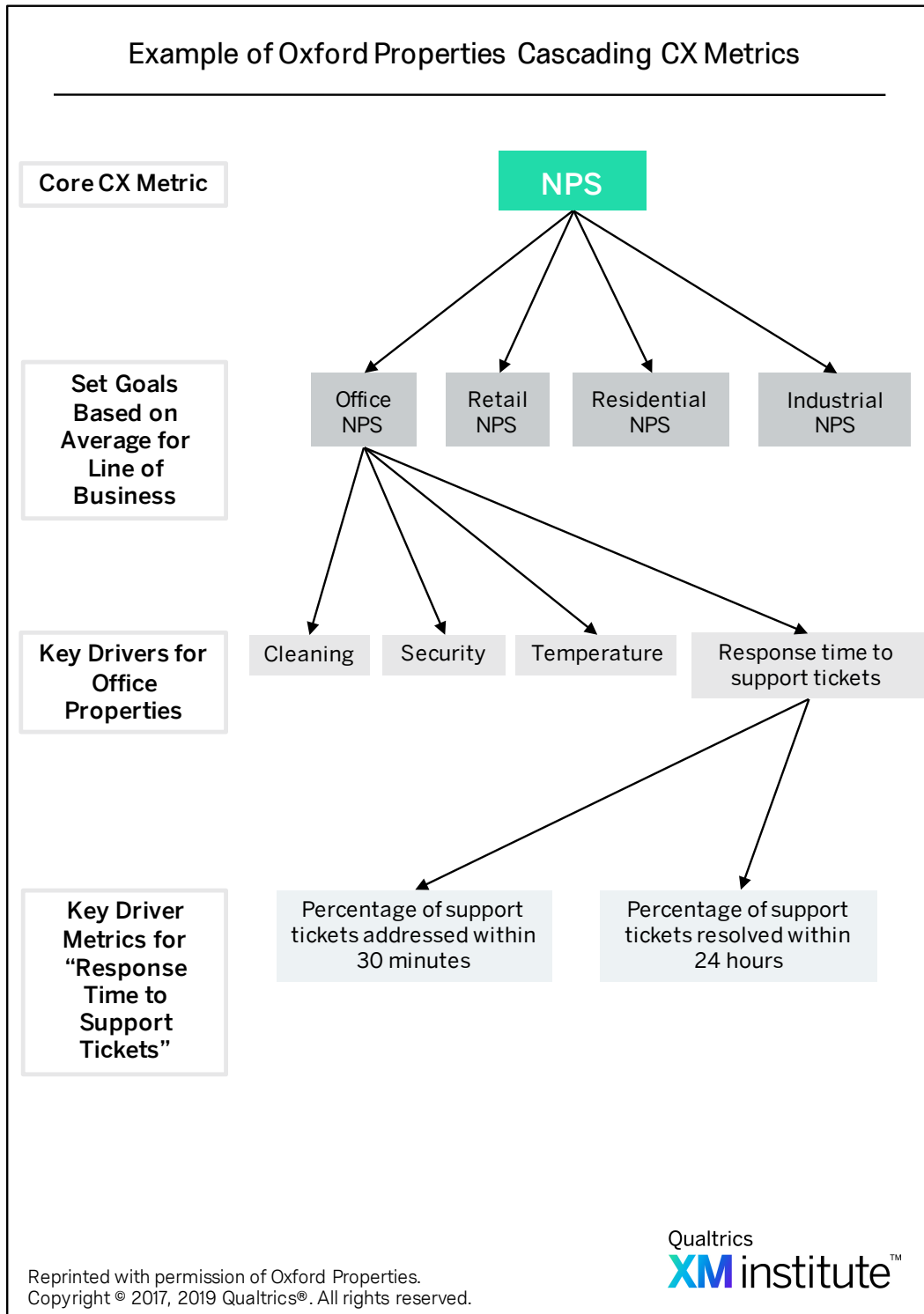


Figure 12

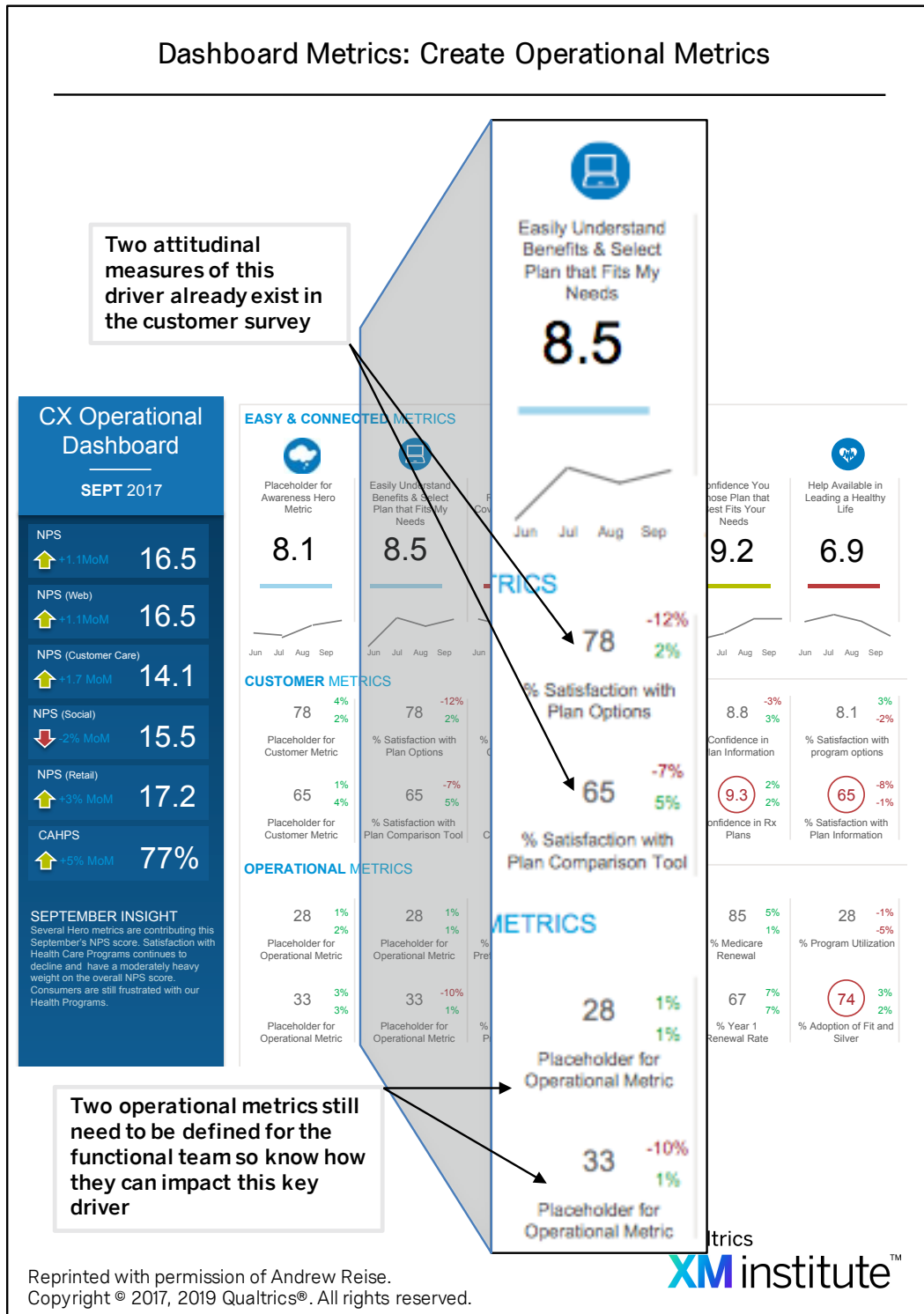


Figure 13

Tailoring Metrics By Audience: Wyndham Worldwide

Audience	Frequency	Description	Examples of Action Taken
All Employees	Monthly	<ul style="list-style-type: none"> Dashboard by brand Includes Core CX Metrics Breakdowns by segment, source, key drivers, etc. 	<ul style="list-style-type: none"> Identified internet connectivity as driver of SAT and NPS Drove investment in new hardware for upscale brands Slowly bringing on line across economy brands
			Drives 4 R's program for franchisees
Senior Leadership	Quarterly	<ul style="list-style-type: none"> Top and bottom scores Biggest shifts up or down Verbatim comments 	<ul style="list-style-type: none"> Read what customers are saying Respond & resolve and close the loop with unhappy customers Review metrics on scorecards with staff React by putting together an action plan and taking action on improvement areas

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Figure 14

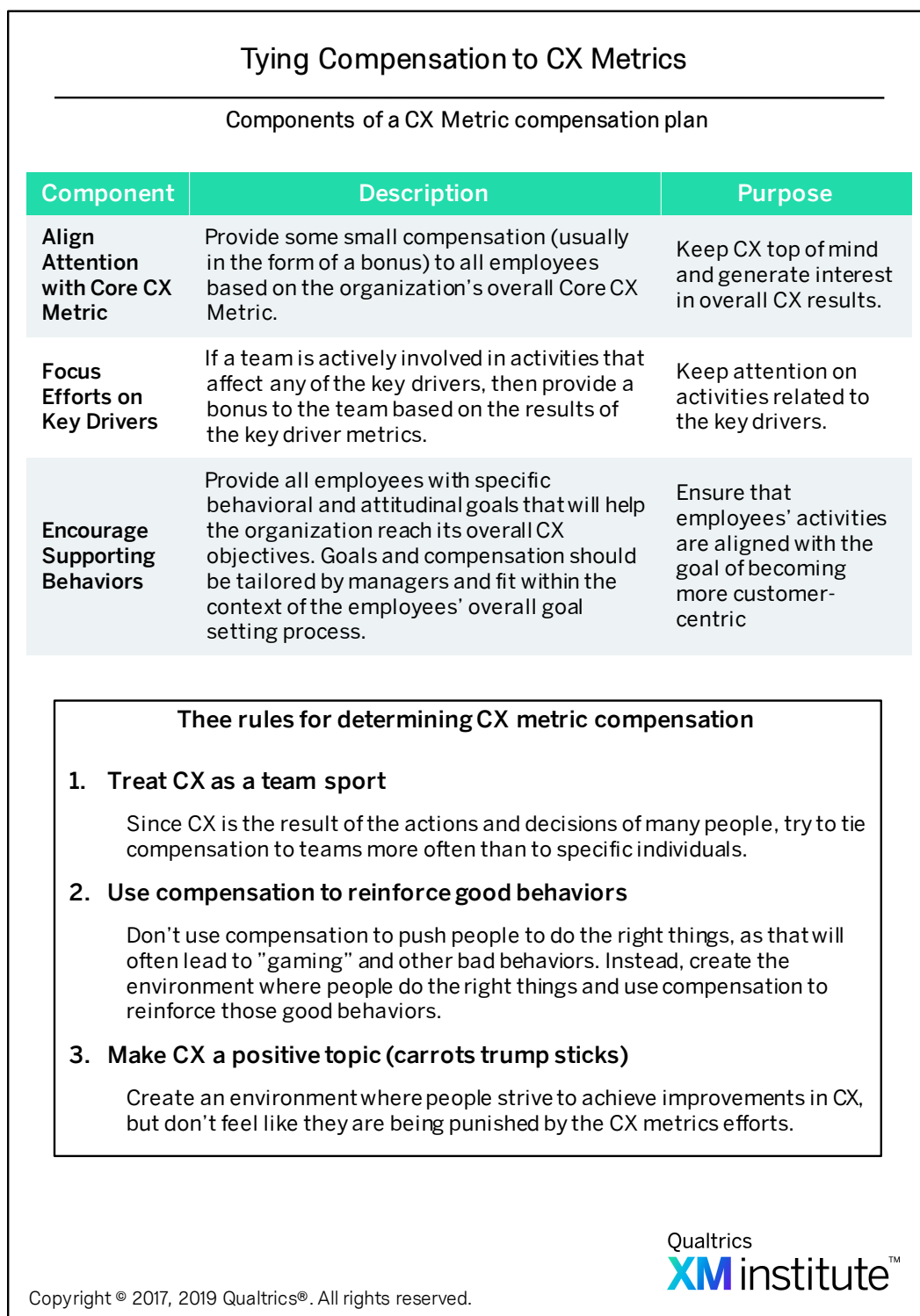


Figure 15

Examples of Companies' Compensation Programs		
Components of a CX Metric compensation plan		
	A National Bank	A Large Manufacturing Company
Align Attention with Core CX Metric	<ul style="list-style-type: none"> Compensates all employees on bank's overall NPS. Which percentage of their bonus is based on NPS depends on an employee's level – a high percentage of executives' bonuses are based on NPS, while a smaller percentage of frontline employees' bonuses are based on this number. 	<ul style="list-style-type: none"> Provides bonuses for all employees based on improvements to its "Overall Satisfaction" scores. If it hits its OSAT target, everyone receives 100% of bonus.
Focus Efforts on Key Drivers	<ul style="list-style-type: none"> Employees in account services are compensated based on their team's score for "recommends products that meet my needs" – a key driver for overall NPS. 	<ul style="list-style-type: none"> The warehouse team receives bonuses based on "accuracy of delivered products," a key operational metric that influences the Core CX Metric of "Overall Satisfaction"
Encourage Supporting Behaviors	<ul style="list-style-type: none"> In order to increase the overall quantity of feedback, the service organization receives compensation based on the response rates for post-transaction surveys. 	<ul style="list-style-type: none"> Assembly team receives additional bonus when they proactively identify product defects before products are sent to the warehouse.

Figure 16

Temkin Group's CX Metrics Program Assessment

To what degree do the following activities occur within your company?
1 = Almost never **2** = Periodically **3** = Usually **4** = Almost always **5** = Always

1) Operating units across the organization track the same core set of CX metrics	
2) Operating units across the organization report on CX metrics with the same frequency	
3) Operating units across the organization are equally committed to improving CX metrics	
CONSISTENT subtotal	


4) Before making day-to-day decisions, the company considers the impact on CX metrics	
5) Before making strategic decisions, the company considers the impact on CX metrics	
6) Capital investment decisions include an assessment of the impact on CX metrics	
IMPACTFUL subtotal	

7) CX metrics and financial metrics are reviewed at the same time	
8) The company makes explicit trade-offs between CX metrics and financial metrics	
9) The company understands the financial impact of a change in CX metrics	
INTEGRATED subtotal	

10) The leadership team reviews CX metrics at least monthly	
11) The leadership team refers to CX metrics in its ongoing communications	
12) Leaders across the company are expected to help improve CX metrics	
CONTINUOUS subtotal	

OVERALL TOTAL	
----------------------	--

CX Metrics Subtotals:	Overall Total:
3 to 6 Very Weak	12 to 28 Very Weak
7 to 9 Weak	29 to 36 Weak
10 to 12 Moderate	37 to 44 Moderate
13 to 15 Strong	45 to 52 Strong
	53 to 60 Very Strong



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Figure 17