

Seven Measurements that Should Be on Every Chief Customer Officer's Dashboard

by Curtis N. Bingham

**CHIEF CUSTOMER OFFICER
COUNCIL**



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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.

In latter years, we've seen significant progress in correlating CCO initiatives to revenue and profitability, progress that everyone should strive to accomplish. From my own work with more than 150 CCOs during the past decade, I have identified seven key areas where the correlation between CCO initiatives and profitability is clear enough to be monitored and measured. These seven areas, presented below, should be considered for inclusion in every chief customer officer's dashboard.


Within these areas, the CCO Council has further identified potential metrics which represent "proxy" measures for revenue and profitability. A critical aspect to keep in mind when using "proxy measures" is that you must obtain buy-in from the corporate level that these metrics are indeed tied to your company's revenue and/or profitability, albeit indirectly. Without this consensus, *no* dashboard can demonstrate value for the CCO.

The metrics discussed below are ordered based on data readiness and access; the easiest measures are listed first.

The CCO Dashboard: Measures and Metrics

Key account relationship health: Monitoring the health of key accounts is one of the responsibilities of the CCO. In the simplest form, account relationship managers post weekly the status of key accounts; those in green have no issues, those in yellow have some emerging issues not of a critical nature, and red accounts are those in greatest jeopardy. The CCO himself must take responsibility for ensuring that red account issues are resolved.

Metrics: *The length of time it takes the CCO to identify the problem, put a resolution plan in place, and improve the account status are potential metrics for the dashboard.*



Overall and key customer engagement: It has been shown that more engaged customers spend more money. The degree of customer engagement can be measured based on rates of participation in customer programs such as executive forums, product development, and participation in corporate strategy initiatives. One company that has heavily invested in customer engagement programs increased customer loyalty by 11%. The most engaged customers increased their spending with this company by 33%.

***Metrics:** The number of customer engagement programs and their growth is one metric. The level of involvement of customers in engagement initiatives and the spending patterns of customers at different levels of engagement are additional metrics for consideration.*

Loyalty measures: Academic research has proven that the higher the level of customer loyalty the greater the spend level. A number of commercially available survey instruments can be used to measure customer loyalty.

***Metrics:** The change in customer loyalty can be measured using standard industry survey instruments. Combining a customer's spending over time (observed behavior) and customer loyalty (typically stated intention) make good proxy measures.*

Progress toward resolution of critical customer issues: Identifying and focusing resources on resolving critical customer issues is an important role for the CCO. Many companies are identifying and holding executives accountable for resolution of the top five or 10 customer dissatisfiers that represent a combination of technical, operational, and process issues.

***Metrics:** The identification and speed of resolution of top five or 10 customer issues is a good metric that engages the executive team and the entire organization.*

Depth and breadth of customer centricity as part of the culture: This is a concept that is difficult to measure but key to demonstrating the value of the CCO.

***Metrics:** Document how many employees have customer centricity metrics (customer satisfaction, customer loyalty, response time, etc.) in their MBOs and how that is changing over time. Measure the number of individuals that have some percent of their bonus tied to customer centricity measures as well as what percent of base salary the customer centricity measures contributes to the bonus, identify the number of employees that are involved in various customer centric programs, and how that changes over time.*

Influence upon overall revenue: The CCO has indirect and direct impact on revenue. Directly the CCO can influence new sales and retention rates if they have authority over those areas. CCOs can also improve customer facing processes which have led to more efficient operations which leads to overhead reductions. Depending on the scope of responsibility, the CCO may have other, less direct opportunities to influence profitability and revenue. There are proxy measures (customer engagement and customer loyalty) where documentation exists of their positive impact on the financial health of the company.

When using proxy measures it is critical to gain consensus that such measures do impact revenue and profitability.

Metrics: *Measures will vary by corporation, some measures might include tracking changes in spending by account based on loyalty scores and customer engagement as these metrics have been shown to impact revenue. The CCO's involvement in the sales process and changes in deal closes and upselling should be considered as well.*

Influence on the key performance indicators of other members of the C-Suite: Initiatives of the CCO should positively affect the Key Performance Indicators of peers. Every executive should be able see improvements in their metrics if the CCO is effective.

Metrics: *The influence of customer centric initiatives on Key Performance Indicators of other departments is a way of evaluating CCO effectiveness. Improvement in the sales cycle, close rate, new sales due to CCO activities are examples of dashboard metrics.*

Conclusion

When the CCO is successful, the company is successful. CEOs and Boards of Directors must understand and commit to provide the CCO with visible and continuous support, provide appropriate resources, and develop metrics to demonstrate the value of this important role. There are many such resources available to CCOs to guide them through challenges to success and to keep them from experimenting at the expense of their customers. The CCO Council itself with additional research and peer networking guides many CCOs in their mission. For more information about the CCO Council, see below.^{**}

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[†]This article is excerpted from *The Bingham Advisory: Eight Imperatives for the Chief Customer Officer*, available for free download from the CCO Council website at: <http://www.cocouncil.org/thebinghamadvisory/>.



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.



YOUR NEXT STEPS

The Bingham Advisory: Eight Imperatives for the Chief Customer Officer details strategies that enable you to be successful in driving customer centric culture and in creating sustainable competitive advantage, including:

- 6 key challenges to CCO success and the means to overcome them
- 9 metrics that need to be considered for the CCO dashboard
- 7 critical success factors for CCOs
- 7 strategies to support customer centric change, and **more**

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