

Meaningless Measures of Mediocrity

By James A. Alexander, Ed.D.

How do you define success for your professional services organization? We all know the final scorecard: Hitting your revenue targets at acceptable levels of profitability. Good enough.

But what are the indicators of quality that you track that get you there? In our opinion, many professional services organizations map meaningless measures of mediocrity, sucking up effort and money in the process. Remember the adage that there is nothing worse than doing something very well that never should have been done in the first place?

Here are three changes in metrics we'd like you to consider that can move you from the mundane to the meteoric, from "business-as-usual" to "business-as-exceptional."

1. Brand Quality: From Discovering Brand Awareness to Measuring Brand Impact

Learning your brand awareness and understanding your brand perception compared to top competitors provides useful benchmarking information and should be pursued every year or two. However, a much more vibrant metric is tracking the number of eligible leads that contact you. This is a superior metric for ongoing comparison, as it:

- Measures actual behavior (brand impact), not stated perceptions.
- Is directly linked to sales effectiveness (accounts that contact you are nine times more likely to buy compared to organizations you contact first).
- Is inexpensive and relatively easy to track.

Talk to your services marketers about putting this in place right way, and then track these leads through your business development process. You quickly will see the power of this metric.

2. Sales Quality: From Monitoring Sales Volume to Tracking Win Ratio

Sales volume is fine for an overall PSO measure—growth (as long as it is profitable) is a necessary performance target. But is it the best indicator of sales quality? In most cases, it is not. Win ratio (the percentage of deals you get when there is competition) is a better metric. Alas, competition will not lessen with an improving economy, and the effectiveness of your sellers of professional services is best determined by tracking their ability to beat your top competitors. By tracking (and rewarding) win ratio you also will see that the quality of the business you pursue improves as your sellers become much more selective when qualifying. Additional (and very welcome) side benefits of tracking win ratio are lowered cost of sales, compressed sales

cycle times, and improved project profitability as salespeople's efforts are channeled toward the best prospective business.

3. Delivery Quality: From Scoring Customer Satisfaction to Determining Customer Advocacy

First, please note that we are not recommending that you ignore seeking customer feedback after a project is completed. This is a vital learning process that should always occur (in most cases, face to face with the client). However, there is **no value** in tracking customer satisfaction. It is one of those things that might make you feel good, but it doesn't correlate with growth or profit or loyalty. So quit doing it! Instead, ask your customer this one question: "How likely is it that you would recommend us to a friend or colleague?" There is a direct correlation between advocacy (high scores on this question) and organization growth.¹ So put away your customer satisfaction survey and concentrate on finding out the answer to this one vital question.

There you have it. Three relatively simple changes in how you think about your business. Yet, they can become drivers that help lead your organization from mediocrity to magnificence. Why not start today?

References

1. Reichheld, Frederick. The one number you need to grow. December 2003. Harvard Business Review.

Note: Also see Reichheld's book, *Loyalty Rules!*, for an excellent discussion on customer loyalty.

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