Making Measures Count 1

Here is a worked example of a Customer Complaints KPI, something all organisations measure, or ought to measure, with examples of each aspect. Please refer to the 'Making Measures Count 2' document also available to download from www.torquemanagement.com to use the same template without examples to add ones specific to your organisation.

Purpose	State the purpose of measurement clearly in plain English, in a way that that everyone will understand **Example:** The purpose of the Customer Complaint measure is to provide an insight into customer complaints so that they can be analysed and actions taken that will improve products, services and customer experience.
Context	Explain why you want to measure. This should be specific, concise and meaningful to everyone involved. **Example:** We measure customer complaints because they are an excellent indicator of product and service quality and our responsiveness to our customers. Regulations that apply to our sector also require us to record and measure customer complaints. In the last 24 months our market share has declined and it would appear that there is a correlation between this decline and a rise in customer complaints. For all these reasons we need to focus on reducing and resolving the source of customer complaints.
Relationship to other measures	Where measures are required for different purposes it can trigger lots of unnecessary duplicate measurement activities, something you really want to avoid (it causes friction, additional work and underlying definitions may be different leading to confusion about which is the "right" measure). Identify these relationships "up front" and publish a single result that satisfies the requirements of different stakeholders. **Example:** a. The customer complaint measure is a component of the Cost of Quality KPI[1]. This measure is used by all parties interested in finding opportunities to improve the quality of our

---

1 *Cost of Quality = Cost of good quality + Cost of poor quality*

	products and services: pre-production, production, post production, quality and compliance. b. Our sector regulation (state the regulation) and the quality standard to which we are accredited ISO 9001:2015 requires us to record, measure, report, and resolve customer complaints
Scope	Once again, scope needs to be stated explicitly. **Example:** We record, measure and report Customer complaints received at any of our premises, verbal complaints recorded by staff, complaints referred to us by the regulator or ombudsman, and complaints identified through continuous monitoring of social media.
Definition	A clear definition will ensure that there is no ambiguity in what is being measured – all occurrences will be recorded and measured in the same way. **Example:** Here are three alternative examples for customer complaints that I encounter regularly: "Complaint means any written, electronic, or oral communication that alleges deficiencies related to the identity, quality, durability, reliability, safety, effectiveness, or performance of a device after it is released for distribution. (FDA CFR 21 820.3)" "An expression of dissatisfaction on a consumer's behalf to a responsible party" (Landon, 1980) "Any expression of dissatisfaction or concern, explicitly stated, or implied" (Retail Bank). This last example of a customer complaints statement is very interesting as this organisation has figured out that the consumers it serves become antsy if the queue at the checkout desk is longer than 4 persons. Therefore when a checkout operator observes that their queue has 5 persons in it, they are empowered by the company to record an implied complaint. This, in turn feeds back into the team that plans activities in the banking lobby, which will aim to prevent future complaints of this nature.
	Be very careful to state the unit of measure e.g. metric or

Unit of Measure	imperial. This becomes critically important if measurement will take place across multiple locations or multiple occurrences of a process. The aim here is to ensure you are making like- for-like comparisons of when analysing results. **Example:** Each customer complaint will be recorded and included in our Customer Complaints KPI measure. Where a customer makes more than one complaint in a single interaction, each of these complaints will be recorded and counted individually.
Measurement Frequency and Reporting Frequency	It is important to create a regular cadence of measurement and reporting, so that emerging trends are visible as early as possible and also to ensure that measurement across multiple locations or occurrences of a process are comparable. **Example:** ● We will record every customer complaint within one hour of receipt. ● We will report customer complaints to the office of the VP of Customer Care per the reporting schedule (state the location of the schedule).
Measurement Formula	The measurement formula should be explicitly stated, in numeric terms. Before you begin to develop your own measure, do check and see if there is a standard formula for your measure and your industry. Using an established industry measure is not just more efficient but also helpful in setting targets where industry benchmark data is available for the measure. **Example:** Quantity of customer complaints / total quantity units produced (by product or service) during the reporting period.
Setting Target(s) and Goals	Do set an overall target for performance with specific goals for improvement that should be achieved within a specified period. These goals and targets should be embedded in the job objectives of the persons associated with the measure.
Data Source	Many measurement programmes fail because of the quality and unavailability of data. 1. Be aware that when data is collected manually it is more subject to errors and gaming.

	2. If the data collection is automated – i.e. the source is a system of record, it can take time to acquire the specific data required which can lead to delays in implementation.
Governance	Identify the owner of the measure - this is the role in your organisation that is responsible for the performance or non-performance of the activity. Avoid communal ownership e.g. "Quality Council" which will inevitably lead to dilution of accountability when things go wrong. Note too that there may be many sub-measures contributing to an overall KPI. Customer Complaints measure is a great example of this - there are probably several Level 2 and Level 3 measures contributing to the overall KPI as the cause of complaints could be related to many areas of the business (call centre, production, distribution etc.). In this situation, it is perfectly acceptable to have separate owners for the KPI and the sub-measures. Once Responsibility for has been assigned for the measure, continue to assign the other RACI elements to the correct party (responsible, accountable, consulted, informed). By doing this you will discover that you have also defined the key stakeholders of the underlying process(es). **Example:** The VP of Customer Care executive is the owner of the Customer Complaints KPI.