YOUR CX SCORE IS GOOD

That Might Be Your BIGGEST PROBLEM

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A CEO stopped me mid-conversation recently with a statement that was entirely reasonable, entirely logical and almost certainly wrong.

Her Net Promoter Score® was +60. Her claims process — the ultimate moment of truth in insurance — was strong. Customers were not complaining. Staff were not under siege. The board was not asking difficult questions. *"I'm not sure we should keep investing in CX,"* she said. *"The Law of Diminishing Returns probably applies."*

I did not disagree with the law. I disagreed with what she was calculating the return on.

Because here is the danger that nobody talks about: a good score does not mean you are capturing the full value available to you. It means you have stopped losing. Those are not the same thing.

The Law of Diminishing Returns Is Real. The Math Is Wrong.

Yes, the Law of Diminishing Returns applies to customer experience. Moving your NPS® from 20 to 40 is considerably easier than moving it from 60 to 70. That is how the law works, and no amount of strategy changes that.

But the leaders who use this logic to justify stepping back are almost always making the same error: they are calculating return on a transaction, when they should be calculating return on a relationship.

Those are not just different numbers. They are different by an order of magnitude.

A customer who spends $700 a year is not a $700 customer. If they stay for ten years, they are a $7,000 customer — before you account for additional services purchased, referrals generated, or the compounding stability of a relationship your competitors cannot easily break.

Now recalculate your diminishing returns against that number.

Suddenly, the investment required to move from Good to Exceptional does not look so marginal. The returns are still diminishing. But the base they are diminishing against is far larger than most leadership teams ever bother to calculate.

Comfort Is Expensive. *Most Leaders Just Never See the Invoice.*

The organisations most at risk are never the ones with broken customer experience. They know they have a problem. They are under pressure. They act.

The real danger sits with organisations performing well enough to feel settled. Because settled organisations stop asking the questions that have the largest commercial answers:

- *How much unrealised value is still sitting inside our existing customer relationships?*
- *What does a disengaged customer actually cost us over three, five, ten years?*
- *What is the true commercial value of our Promoters — and how many of them are quietly drifting?*

These questions are not asked because the score looks fine. And that is precisely the problem.

A good NPS® is not a signal to ease off. For the commercially literate leader, it is a signal to ask harder questions. This is because the customers most worth protecting are the ones you currently have.

The Cost Nobody Puts on the Spreadsheet

Most organisations calculate customer acquisition costs with precision. Very few calculate the cost of customer disengagement because it is harder to measure and because comfortable organisations rarely feel the urgency to look.

But disengagement has a very specific economic signature.

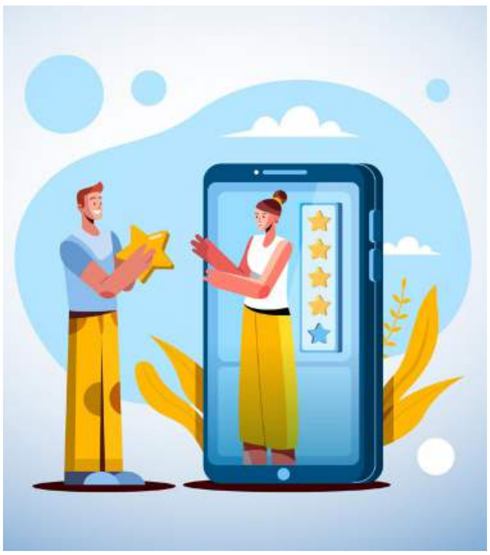
A disengaged customer does not necessarily leave today. They become price sensitive. They reduce their share of wallet. They stop referring. They stop expanding. They become vulnerable to any competitor willing to show them slightly more attention. And when they finally do leave, they tend to do so quietly — which means you rarely get the chance to understand what you actually lost.

We worked with a B2B client whose lowest-value customer appeared to generate around $20,000 annually. On paper: unremarkable. But that customer had remained with the business for twelve years, had progressively expanded their services, and had personally referred five additional clients over that period.

The real value of that relationship was several hundred thousand dollars.

The organisation had never calculated it. They were measuring the transaction and missing the relationship entirely.

Now consider this: our research shows that a business needs at least five positive reviews to neutralise the commercial impact of a single negative one*. Negative word of mouth is not a reputational inconvenience. It is a direct revenue problem that is almost impossible to trace back to a specific P&L line, which is exactly why so many leaders underestimate it.



Your Score May Be an Alibi

Here is the uncomfortable truth.

In many organisations, a good NPS® score has quietly become permission to stop asking difficult questions. It signals to the board that things are under control. It satisfies the executive team. It reduces internal pressure. And in doing all of that, it creates the most commercially dangerous condition in business: strategic comfort.

One of the most dangerous assumptions you can make is that customers who remain are loyal. Many are simply uncommitted. They have not left because no competitor has yet offered them a compelling enough reason to move. The moment one does — with a slightly better experience, a slightly more attentive relationship manager, a slightly sharper value proposition — they are gone. And they leave silently. Which means by the time the score moves, the damage is already done. In many cases, organisations have not actually reached the Law of Diminishing Returns. They have simply reached the edge of their current measurement capability. They are looking at a number & mistaking it for the full picture.

The Question Worth Sitting With

Does the Law of Diminishing Returns apply to customer experience? Yes. That does not change.

But the leaders who use it as a reason to ease off are almost always making a calculation error — not a strategic one. They are using the wrong denominator. They are measuring against last quarter's transaction instead of the full lifetime value of the relationship sitting in front of them.

Fix the denominator, and the economics of continued investment look entirely different.

So before you decide that your CX investment has peaked, ask yourself one question: ***Are you measuring what your customers are actually worth — or just what they spent last time?***

Because if you have never truly calculated that number, you do not yet know what you are deciding to walk away from.

*Engaged Strategy Customer Engagement & Loyalty Study 2018