



Christopher Roberts
BRAND INTERVENTIONIST
Author of *"10 Reasons Why CX/ NPS® Programs Fail & Your Surefire Solutions to Succeed"*

A lot of leaders have spent the last few years with a knife in their hand. Margins were squeezed. Costs climbed. Some industries stalled.

So management did the responsible thing and went hard on expenditure. Roles removed, service levels trimmed, projects deferred, contact centres run leaner, discretionary spend gone. And in plenty of cases it worked. Businesses that were losing money are making it again. That's a genuine win, and I don't want to take it away from anyone.

But there's a point where the strategy has to change, because the two problems were never the same problem. You can cut your way back to profitability but you cannot cut your way to growth.

Growth eventually has to come from customers:

- keeping more of the ones you have
- earning more of their business
- getting them to recommend you
- giving new ones a reason to choose you over someone else.

And this is exactly where cost-cutting quietly turns on you. The things an organisation removes to fix its financial position are sometimes the things that were holding its ability to grow together.

The saving that isn't a saving

Say an organisation takes twenty roles out of its contact centre. From a finance perspective, the sum is clean. You know the salaries, you know the overheads, you can put a number on it. Call it $1.5 million a year. On paper, money is found.

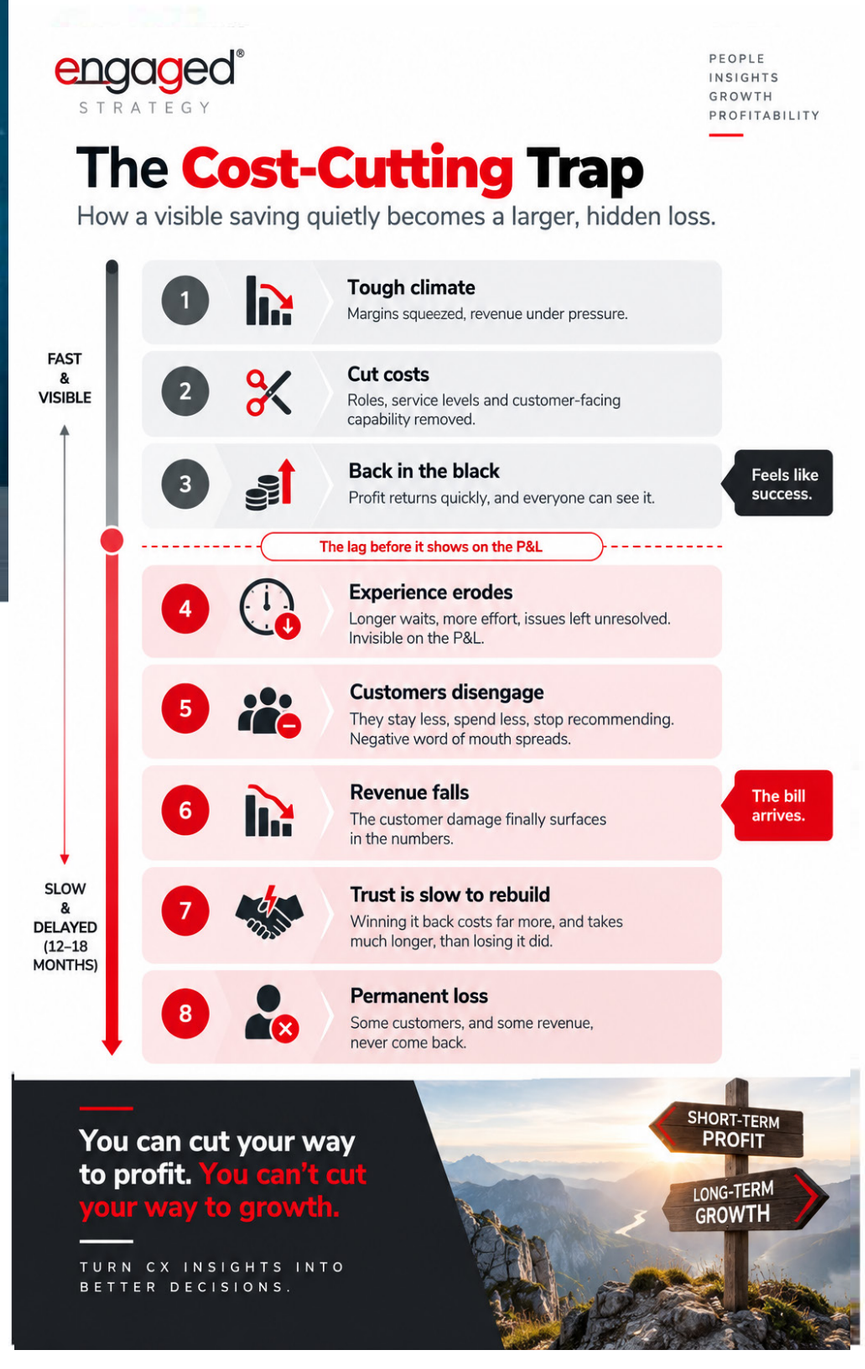
What's much harder to see is everything on the other side of that decision - call waiting times; abandoned calls; first-contact resolution; the customer who now rings three times to fix one problem; the staff left behind who are absorbing the pressure of the people who left. And underneath all of it, the customer's slow recalculation of whether you are still worth the effort. Some tolerate it. Some complain. Some quietly give you less. And some just leave.

Here's the imbalance that should bother every executive team: the $1.5 million saving can be calculated to the dollar. The revenue that walks out the door because of it almost never is. So the decision gets made on half the information. That's the bit we have to get better at.

Two questions, not one

I'm not arguing against cutting costs. Sometimes you simply have to, and there's waste in nearly every organisation — processes that add no customer value, work that could be automated, activities that stopped mattering years ago. Cut those without hesitation.

But there's a world of difference between cutting waste and cutting something your customers actually value. The finance system reads both as "cost." The customer doesn't. So the better decision needs two questions on the table, not one. How much will this save us? And: what will it do to our customers, and what could that cost us in revenue? Answer both and you are making a decision. Answer only the first and you're guessing with a spreadsheet.



Where the model earns its place

We built the NPS® Predictive Revenue Model to help organisations work out where to invest to improve customer experience. Its most useful application right now, though, might be a job we didn't build it for: showing leaders the consequences of a decision before they commit to it. It does four things, and they build on each other.

First, we take an organisation's own survey data and find the issues doing the most damage to the customer experience, then turn those into a short, prioritised set of recommendations that are not generic best practice. What this organisation's own customers are telling it to fix.

Second, we attach a projected NPS® uplift to each one. So instead of *"we should improve response times,"* the recommendation becomes *"our modelling suggests this could lift NPS® by around five points."* Now the idea has scale.

Third, and this is where a CFO leans in, we translate that projected movement into an estimated revenue impact. Money only changes hands when a customer makes one of three decisions: to stay, to spend more, or to recommend you. So we model what a five-point shift could mean across retention, share of wallet and advocacy, and what that adds up to in revenue. Customer experience stops being a score on a dashboard and starts becoming a business case you can weigh against the cost of achieving it.



Fourth, and the part I find most useful just now, the model runs in reverse. Take that contact centre again. Instead of removing the roles and discovering six months later what it did to your customers, you model the likely damage first. What happens to response times, what that does to satisfaction and advocacy, the likely NPS® movement, and if NPS® falls, what that means for retention and revenue.

The saving is $1.5 million. The modelling might suggest the deterioration knocks 6 points off NPS®, and that 6-point decline could quietly cost you $3 million in lost revenue. Maybe more. The exact figure depends on the organisation and the assumptions behind it, and it's a projection, not a promise.

But that was never the point. The point is that the executive team can finally see both sides of the same decision. A $1.5 million saving that destroys $3 million of customer value isn't a saving. It's a very expensive way to make this quarter look better.

That's the conversation more boards need to be having, and it's only possible once customer experience carries a number. For years CX people have been trying to convince executives that it matters. Most are convinced. The problem shows up when money is tight and the CX initiative is sitting beside technology, operations and sales, all of which arrive with hard financials attached. If we want customer experience at the heart of strategy, we have to be able to say: here's what customers are telling us, here's what we'd do, here's the likely NPS® impact, here's what it's worth, and here's what it costs to get there. That is an investment decision. ***"Improve satisfaction"*** is not.

The trap is in the timing

Cost-cutting is seductive because the result shows up fast. Remove a cost today and the P&L improves almost immediately. Customer damage keeps its own schedule. People rarely leave the first time the service slips. They stay a while, give you fewer opportunities, stop recommending you, start looking around, and then one day they're gone. By the time the revenue impact is obvious, the decision that caused it was made twelve or eighteen months ago.

Which is why current profitability can lie to you. A business can look healthier while its customer base is weakening underneath & that's a dangerous place to run a company from — you feel safe right up until you aren't.

There's a hard limit anyway: you can only cut so far. Eventually the easy savings are gone and the question has to change from *"What else can we remove?"* to *"Where do we invest to grow?"*

The discipline then is focus. Don't invest everywhere. Don't try to fix every customer issue. Find the few that genuinely move advocacy, put a value on each, and back those. Focus is also sacrifice.

I think of aggressive cost-cutting as borrowing from the future. You can lift this year's profit by stripping out service, people and customer-facing capability. But if those cuts make customers less loyal, less willing to spend and less likely to recommend you, all you've done is borrow next year's profit to flatter this year's. And that bill always arrives.

Ask yourself:

1. *Before your last round of cuts, did anyone put a number on what it might cost you in terms of customer revenue?*
2. *Can your organisation say what a five-point move in NPS® is worth to you, in dollars?*
3. *Are you still asking: "What else can we cut?" when the real question has quietly become "Where do we grow?"*

You can build the lowest cost base in your category. The only question that matters is whether your customers will still want to do business with what's left.

NPS℠, Net Promoter® and Net Promoter Score® are registered trademarks of NICE Satmetrix Systems, Inc., Bain & Company and Fred Reichheld.