

J. Michael Locke

Musings

#75: Make Your Team Give Projections and NPS

June 6, 2020

No one knows the future and what will happen. Still, it is a good managerial practice to make your team give you projections.

Your head of sales should project bookings for the quarter. This isn't him or her knowing the decision making of each client but they should be tracking sales activity and know how much business is in each stage of a pipeline. They should have the metrics of historical conversion rates from one step in the pipeline to the next. The result is they can take that data and give you a projection. Most good sales leaders will sandbag it a little so they can outperform what they tell you.

Your head of finance should be able to take the sales projection and project out revenue. Expenses generally don't have that much volatility. Most have a connection to labor and you have trends that can be used. You should thus be able to get a projected P&L for the quarter and for the year.

Making the executives give you a projection puts a stake in the ground. You don't want a "best efforts" culture where the team simply does "the best they can." You want an outcomes culture where they deliver the result, whatever it takes. Executives will not want to miss their projections so getting them helps ensure the outcome.

As a leader, you can't "manage forward" without projections from your team. You also need to learn the tendencies of your team to project aggressively or conservatively so you in turn can provide your projection to the relevant constituencies.

Admittedly, projections are hard right now with the loss of visibility in the Covid world but don't stop trying to make them even if they are ranges.

Now to NPS.

We all have experienced the customer survey phenomenon. Maybe it was an automated message when you called in – "If you are willing to take a quick customer survey after this call, please press 1." Or maybe it was the lengthy mailed survey which is still sitting on my desk after a purchase two years ago.

I am a big fan of the Net Promoter Score methodology (NPS). The framework is simple. One question – Would you recommend our product/service to someone else? Score 1 (no way) to 10 (absolutely). The art form is that NPS then takes the 8, 9 and 10s and calls them "promoters." These are folks who are out in the bar sharing how they just bought a great new product (ex. Tesla). They are promoting the product (unpaid) because they simply like it so much. A VP of Marketing's dream. The 1-5s are called "detractors." Ask anyone who has tried the "Twitching Lure." These hurt sales. The methodology blows off the 6 and 7s like middle children. You then take the "promoters" minus the "detractors" and have a

net promoter score. This is how many people (on a net basis) are out there telling people to buy your product.

I am also a fan of using NPS for employee satisfaction. Just slightly alter the question, would you recommend working here? Same methodology. Obviously you want a high NPS especially in your targeted labor segment.

Some companies like United Healthcare are using NPS to run their business. They ask it in various ways throughout the organization and create consolidated NPS results.

Jml

Second Thoughts

Recently, I told my assistant Jennifer that she had made a mistake and that there were not two spaces after the periods in a memo I had drafted with her. Only then did I learn about “the debate.” [people-who-type-two-spaces-after-a-period-just-cant-win](#). Apparently I am a dying breed.

I am hearing some conversation about a new pandemic – a cybersecurity pandemic. With everyone going virtual and folks focused on the racial unrest, cybersecurity criminals might be having a field day. Be careful.

Some Good News in May jobs report. From CNBC: *Employment stunningly rose by 2.5 million in May and the jobless rate declined to 13.3%, according to data Friday from the Labor Department that was far better than economists had been expecting and indicated that an economic turnaround could be close at hand. Economists surveyed by Dow Jones had been expecting payrolls to drop by 8.33 million and the unemployment rate to rise to 19.5% from April's 14.7%.*