FA-08: Metric Antagonism

The Rigidity Penalty: When Fixed Systems Meet Variable Reality

Page 1: The Diagnosis

KEY TAKEAWAY

> Structural conflict arises when operational KPIs (e.g., turnaround times) directly counteract quality goals or customer experience targets. This antagonism forces staff to make "anti-customer" decisions to satisfy internal metrics, trading short-term efficiency for long-term reputational damage.

Systemic Anatomy

The Symptom: Operational efficiency KPIs or short-term revenue targets directly conflict with customer experience goals, forcing staff and systems to optimize against the customer's interest.

The Root Cause: Performance Incentive Misalignment

Why It Recurs: Business units are measured and rewarded on isolated operational metrics (AHT, conversion rate, ancillary attach) without counterbalancing quality or satisfaction metrics.

The Governance Failure: Lack of balanced scorecard governance; revenue and cost leaders hold significantly more organizational power than CX leaders.

Scope Boundary: Does not explain pricing strategy decisions themselves, only the friction caused by execution tactics driven by conflicting performance metrics.

Page 2: Strategic Risk & Impact

STRUCTURAL RISK PROFILE

Blast Radius: cross-domain

Time to Impact: cumulative

Reversibility: costly

Decision Frequency: high

DECISION FALLOUT & IMPACT PATTERNS

Typical Decisions Affected:

- Incentivizing contact center speed (Average Handle Time) over resolution quality
- Setting aggressive ancillary sales targets for service staff without customer context awareness

Delayed Effects:

- Transactional interactions that maximize short-term revenue while damaging Customer Lifetime Value
- Staff 'gaming' metrics at customer expense to meet targets

Early Warning Signals:

- Customer churn increases despite operational metrics showing 'green'
- Complaints about pushy sales tactics or rushed, unhelpful service

INDUSTRY MANIFESTATIONS

Airlines:

- Difficulty obtaining written confirmations
- Slow quote response times

Hospitality & Hotels:

- Hidden fees not disclosed upfront
- Poor handling of split billing requests

Page 3: The AERIM Resolution

MOVING BEYOND LOCAL FIXES

Metric Antagonism is typically addressed by adding more KPIs or creating balanced scorecards. These fail because they attempt to measure conflicting objectives simultaneously without resolving the underlying tension. When on-time departure conflicts with customer satisfaction (e.g., leaving stranded passengers), metrics don't solve the problem—they just quantify it. AERIM resolves FA-08 through Context-Aware Priority Weighting: instead of fixed metric targets, AERIM dynamically adjusts priorities based on operational context. During peak season with high load factors, on-time performance receives higher weight. During disruptions affecting high-value customers, satisfaction takes precedence. This shifts from 'optimize everything equally' to 'optimize adaptively based on business context.'

Resolution Level Required: executive

This friction requires executive-level resolution because performance measurement systems and compensation structures are determined at senior leadership levels with authority over organizational incentives. Operational management cannot redesign the metrics by which they are evaluated, and cross-functional coordination cannot resolve incentive misalignment that originates in executive-level goal setting and reward allocation.

TYPE OF CHANGE REQUIRED

Cross-Functional Accountability Framework:

- Individual department optimization against the customer occurs when accountability structures do not include shared responsibility for experience outcomes. The change required involves creating joint performance obligations that prevent one function from achieving targets by degrading another's domain.

Incentive Structure Realignment:

- Metric antagonism continues when compensation and advancement are tied to metrics that conflict with customer interests. The friction persists until incentive systems are redesigned to penalize optimization of isolated metrics at the expense of holistic outcomes.

Performance Metric System Rebalancing:

- This friction persists because business units are measured on isolated operational or revenue metrics without counterbalancing quality or experience metrics. The required change involves restructuring performance measurement to include experience outcomes with equivalent weight and consequence as efficiency or revenue targets.

WHAT DOES NOT WORK

- Including experience metrics as supplementary rather than primary performance indicators fails because it signals relative unimportance. Staff prioritize metrics that carry primary weight in evaluation and compensation decisions.
- Adding customer experience measurement that does not influence compensation or advancement fails because it creates visibility without accountability. Monitoring in the absence of consequence merely documents the friction without addressing its structural cause.
- Training staff to prioritize customer experience fails when their performance evaluation and compensation depend on conflicting metrics. Coaching cannot overcome structural incentive misalignment; staff rationally optimize for the metrics that determine their career outcomes.

CONCLUSION

Resolving FA-08 is an executive-level decision. It requires a mandate to transition from tool-centric procurement to an architecture-first approach. AERIM provides the structural foundation to address the root governance and coordination failures that perpetuate this friction archetype.