How to Develop a Hierarchy of Criteria for VoC Vendor Selection

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Initiatives: CRM Strategy and Customer Experience; Customer Service Experience and VOC

Selecting a VoC application presents challenges based on the complexity of this rapidly evolving market. An evaluation model creates a transparent, auditable process that will enable application leaders, supporting customer experience, to select the right VoC vendor for their organization.

Overview

Key Findings

- Organizations struggle to follow a comprehensive, objective and holistic voice of the customer (VoC) vendor and software selection process, due primarily to their stovepipe business models — in which the management and employees have narrow and rigidly defined responsibilities.

- VoC investments often lack transparency, a definitive total cost of ownership, or clear ROI justification. This complicates how to explain and justify, to internal stakeholders, external auditors and vendors, how and why decisions were made.

- VoC solutions often appear to be similar in what they provide — despite significant price variations across the marketplace — causing organizational confusion.

- The lack of a structured selection process can result in a poor long-term requirements fit and capability gaps that can affect associated budgets, reduce business value and increase risk.

Recommendations

As an application leader responsible for CRM and the customer experience, you should:

- Develop a hierarchy of criteria and subcriteria for your VoC vendor and software selection that is not overly focused on functionality and technology, by taking into account the importance of viability, costs, services, and vision and usability. Place all eight criteria at the top level of the hierarchy.

- Identify the relative importance of your criteria and subcriteria by gathering input from the project team and building consensus on your approach before applying appropriate weightings.
Introduction
VoC projects are notoriously complex, difficult to manage and politically charged. They often cross multiple organizational departments and involve many technologies. Therefore, to effectively manage a VoC vendor and software evaluation process, organizations need a rigorous, proven technology selection framework. This will ensure that a comprehensive, objective review is conducted, and will make it more likely that you’ll select the most appropriate offering. It will also provide a means to explain and justify to internal stakeholders, external auditors, investors and vendors how the decision was made, and why the eventual outcome resulted.

Gartner recommends developing a customized three-step hierarchical vendor evaluation model, employing a top-down approach to reviewing objectives, defining requirements and organizing evaluation criteria (see Figure 1). This enables multiple constituencies and project team members with different skills, experiences and backgrounds to initiate and review an evaluation, using a common frame of reference. By developing a hierarchy of criteria and subcriteria for VoC vendor and software selection, the VoC team will be able to help each department during its procurement process.

Figure 1. The Three-Step Hierarchical Evaluation Process

The Three Step Hierarchical Evaluation Process

1. Develop Hierarchy of Criteria
2. Identify the relative importance of the VoC criteria and subcriteria
3. Score each vendor’s ability to comply with each criteria

Source: Gartner (January 2021)
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This simple framework will enable each department to quickly, easily and confidently select a VoC technology that meets its needs and that it is likely to embrace, if only for purely selfish reasons at a departmental level. However, once departments are engaged, it will create the opportunity to educate the organization with regard to existing VoC capabilities and any gaps in functionality. The framework
should steer departments to a solution that complements the organization's overall VoC technology strategy.

Analysis

Develop a Hierarchy of Criteria and Subcriteria for Your VoC Vendor and Software Selection

Before soliciting vendors for information or proposals, it's important to gain a consensus among VoC team members regarding the structure of the evaluation model, the concerns to be addressed in that model, and the weightings of the defined criteria. The team, which will comprise employees from IT and other affected departments (potentially including finance), may elect to add or subtract criteria, or adjust weightings, as they become more knowledgeable about the processes, technologies and services in question. However, they should only make adjustments and changes when it's absolutely necessary, for the following reasons:

- **Limiting changes** helps restrain team members from reshaping the process (because of personal preferences, hidden agendas or vendor bias) in a manner that undermines the objectivity and completeness of the exercise.

- **Carefully managing changes** protects the company from potential confrontations (such as political maneuvering and lawsuits, or contesting the decision in the public sector) with irate vendors that have invested time in responding to an RFI or an RFP. A vendor could feel slighted if its specialty criteria are initially met with favor and then changed, apparently in preference for a competitor.

When initiating the top-down needs assessment process, VoC selection teams must first be clear about the objective of the initiative. Is it about choosing the best technical solution, the best business solution or the best fit with strategic partnerships? These objectives often don't align, and clarity at the start of the process is essential to avoid wasting time and effort. This objective represents the pinnacle of the decision hierarchy. Once this has been agreed on, the team then performs the following next steps:

1. **Identify the criteria** — Team members should identify the top-level set of criteria representing key areas that affects their ability to achieve the objective. This is the Tier 1 criteria.

2. **Deconstruct into subcriteria** — Participants in the decision process should explore the underlying issues for each Tier 1 criterion. They should deconstruct them into constituent subcriteria, progressing from the general to the specific, until all necessary granular issues are addressed. These are the Tier 2, 3, 4 (and so on) criteria.

3. **Craft detailed questions** — Detailed questions should then be crafted under each bottom-tier criterion, for researching and scoring prospective vendors and products.
In its simplest form, this structure has both a goal and descending levels of criteria that address increasingly specific concerns, concluding with questions for making assessments. The questions should be categorized as:

- Must have
- Should have
- Could have
- Won't have

This prioritization technique is often referred to as “MoSCoW” as the term is an acronym derived from the first letter of each of four prioritization categories — must have, should have, could have and won’t have.

VoC vendor and software evaluations should be based on eight top-level criteria: functionality, usability, technology, cost, services, speed, risk and vision (see Figure 2).

**Figure 2. Sample VoC Vendor Evaluation Model: Goal and Top-Level Criteria**

<table>
<thead>
<tr>
<th>Criteria and Their Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functionality 25%</td>
</tr>
</tbody>
</table>

Source: Gartner (January 2021)
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Together with the added subsequent subcriteria, a sample hierarchy is created (see Figure 3).
Figure 3. Sample VoC Vendor Evaluation Model With Subcriteria

Sample VoC Vendor Evaluation Model With Subcriteria

<table>
<thead>
<tr>
<th>Criteria and Their Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functionality 25%</td>
</tr>
<tr>
<td>Data Collection</td>
</tr>
<tr>
<td>Reporting and Analytics</td>
</tr>
<tr>
<td>Automated Action</td>
</tr>
<tr>
<td>Program Governance</td>
</tr>
<tr>
<td>Satisfaction</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

Source: Gartner (January 2021) 740486_C

This hierarchy can then be extrapolated further. For example, picking collection processes under the functionality category and expanding on that as shown in Figure 4.
Furthermore, if the focus is linked to surveying, then this category can be shown (see Figure 5).
This sample hierarchy is not exhaustive; additional subcriteria can be added if needed, or removed if not applicable. Ultimately, this hierarchical model becomes so granular that no logical further segregation is appropriate. At this point, specific questions are crafted for each criterion at the bottom of the hierarchy — categorized as MoSCoW (as previously mentioned). In the survey example above, these could be questions like:

- **Does the application include the ability to visualize and test surveys before launch?**
- **Does the application include a guided wizard to help simplify survey creation?**
- **Can surveys be imported from a Microsoft Word document?**
- **Can changes to a live survey be made with no disruption to ongoing data collection?**
- **Can video, audio and other media sources be embedded into survey questionnaires?**
- **Can participants upload photos and videos?**
- **What question formats can be supported?**
- **Can surveys be branded with company logos, color schemes, fonts, etc.?**
It is worth highlighting that some of these questions should be directed toward reference customers and not the vendor. By ensuring reference-customer-oriented questions are included within each subcriterion, a broader and more useful perspective can be obtained from that aspect of the process. Typically only application support and core functional capabilities are discussed with reference customers, diminishing the overall potential to contribute effectively to the procurement process. These reference-customer-oriented questions can be extracted and combined to form the customer reference survey.

From a process perspective, especially for groups (such as finance) possibly not familiar with VoC solutions, it is often beneficial to recommend a few dry-run trials of the evaluation model before applying it to actual vendors under consideration. For example, scoring the existing VoC solution could represent one “practice run.”

If your organization lacks experience of VoC, it can sometimes be useful to have introductory meetings with several of the leading vendors. In this way, it can learn what is possible before establishing the evaluation criteria and the associated weightings that will be used in the formal selection process (for details about weightings, see Identify the Relative Importance of Your Criteria and Subcriterion section).

In the following paragraphs, we provide a breakdown of the eight top-level criteria for VoC vendor and software evaluations (as shown in Figure 2).

**Functionality**

These are the features that automate specific tasks or processes:

- **Data collection** — This addresses processes and their requirements for the scope of the VoC project (this may include processes that are considered for future phases of VoC implementation). These should focus on differentiating requirements and a combination of good-enough best practices, with optimal support for the unique or differentiating requirements of the organization or industry.

- **Analysis and reporting** — This addresses support for a range of reports and analytics including predictive and prescriptive.
Usability

This set of criteria examines the extent to which the VoC solution can provide a seamless user journey across the application, and be used by specified users to achieve specified goals with effectiveness, efficiency and satisfaction in mind:

- **Ease of use** – The measure of how easy it is to use the software, taking into account aspects such as the design of the user interface, process flows, and overall flexibility of the solution to accommodate company- and role-specific nuances.
- **Ease of training** – This is the measure of the time and effort required to “get up to speed” using the software, as well as how easy it is to remain competent without ongoing training.
- **Appearance** – This is measuring a consistent screen layout, colors, schemes and forms.
- **Navigation** – This is measuring the placement of commands and structure of menus for the purpose of easily finding dedicated features.
- **Satisfaction** – This is an assessment of user satisfaction as a result of the software’s usability, by role.

Technology

This set of criteria comprises the overall architecture and underlying technology:

- **Architecture** – This involves the ability to support multiple VoC implementation styles.
- **Development environment** – This involves the availability and maturity of tools for customizing and extending applications to address business needs.
- **Platform support** – This involves support for the infrastructure, including databases and server operating systems (OSs).
- **Performance (includes scalability and availability)** – This comprises the proof points, preferably through live references or proofs of concept (POCs), for required performance, scalability and availability characteristics.
Cost

These are the necessary expenses to secure and retain access to capabilities:

- **Initial costs** — These are the investments required for procuring and transforming a solution for live production.

- **Ongoing costs** — These are postimplementation costs incurred during the VoC life cycle.

- **Avoided costs** — These are recurring costs for an application or platform that will no longer be used, or nonrecurring costs for any application or platform that may be decommissioned as a result of the initiative.

Services

These are the resources, expertise and support infrastructure required to implement and maintain a deployment:

- **Advisory** — This involves initial services including program vision, strategy and governance/operational design, readiness/maturity assessments, metrics/program goals and cultural transformation.

- **Technology implementation** — This involves application deployment and accommodation of customer-specific integrations, automations and enhancements such as survey and dashboard builds, closed loop design, contact list automation and data migration.

- **Maintenance support** — This involves help desk problem resolution, bug fix timeliness, the availability and quality of new releases, and modification of the implementation as determined by the customers’ evolving use case.

- **Program support** — This involves provision of ongoing guidance in areas such as survey design, journey mapping or data analysis to complement client capabilities. Includes aspects like periodic maturity assessment, roadmap guidance and change management.

- **Education and training** — This involves the portfolio of training and mentoring services available to build client competency over time.

- **Skills availability** — The involves the scalability of available resources with the skills necessary to support customers within their industry and geography.

- **Culture** — This involves assessing the compatibility of the service providers’ values and personality.
Speed

This comprises the factors critical to determining the efficiency of the deployment of the application:

- **Integration** — This involves the assessment of efforts needed for integrating the application into a legacy environment.
- **Data inventory** — This involves the consolidation of different, distributed data sources and their migration support into the new application.
- **Customization** — This involves the flexibility provided for customizations.

Risk

This comprises the strength and stability of a vendor from the financial, organizational and market presence perspectives:

- **Vendor** — This involves financial, organizational and market viability.
- **Platform** — This involves the viability of product extension by the current vendor, product acquisition by another vendor, and escape from the current product to another product.
- **Partner ecosystem** — This involves the strength of the software vendor and the external service provider’s partnership ecosystem.

Vision

These are the long-term vendor strategies to improve products, services and overall competitiveness:

- **Functional vision** — This involves plans to develop the product and deliver additional or enhanced functionality.
- **Technology vision** — This involves plans to incorporate new and emerging technologies into the technical architecture.
- **Service vision** — This involves plans to deliver more robust professional services.
- **Sales and marketing vision** — This involves plans to maintain and improve long-term competitiveness and market position.
- **Industry focus** — This involves plans to enhance product functionality, and to evolve it for a given industry or microvertical.
- **Geographic** — This involves plans to deliver and develop the functionality needed for a given country or region.
Identify the Relative Importance of Your Criteria and Subcriteria

Along with identifying criteria, selection teams should prioritize the criteria as they delve deeper into issues that could influence the success of VoC vendor and software selection. The priorities assigned to the criteria can change from project to project, depending on factors such as the need for continued innovation or the mission criticality of the business area addressed. Applying balanced weightings to the criteria in and across the eight criteria in the vendor evaluation model (Figure 2) is crucial in establishing the appropriate context for each issue, and for making an objective selection. This approach to criteria enables comparisons of related sets of requirements, and provides a filter for qualifying whether a criterion is worthy of inclusion.

Each criterion should be assigned a local and a global weighting that can be adjusted to review its impact on the final decision. The local weighting represents the relative importance of a criterion within its immediate tier or set of peer criteria. The sum of all subcriteria weightings directly beneath a given criterion must equal 1.0 (that is, 100% of the criterion). The global weighting shows the criterion's relative importance in the overall hierarchy of the evaluation model.

For example, if functionality is given a weighting of 0.4, it constitutes 40% of the overall decision. In the sample hierarchy, the functionality criterion is divided into seven subcriteria; the sum of the local weighting for these subcriteria must equal 100%. Business processes are weighted at 0.4 (40%), with the remainder of the subcriteria at 0.1 (10%) each. Since functionality is 40% of the total decision, the subcriterion weighted at 0.1 effectively represents 0.04 (4%) of the overall decision (the global weighting). It makes sense to limit the number of criteria (and the number of levels in the hierarchical model) so that no criterion has less than a 0.01 (1%) global weight. In this way, anything less would have no effect on the overall decision.

As a starting point, based on Gartner's experience, we would recommend the following percentages (although these should be modified by each organization, based on their own experiences and perceptions):

- **Functionality** — 0.25 (25%)
- **Usability** — 0.10 (10%)
- **Technology** — 0.15 (15%)
- **Cost** — 0.15 (15%)
- **Services** — 0.15 (15%)
- **Speed** — 0.05 (5%)
- **Risk** — 0.10 (10%)
- **Vision** — 0.05 (5%)
This approach enables organizations to more heavily weight one criterion than another; but it does not directly permit weighting a criterion in a manner that precludes a technology or vendor from selection. The assumption is that the selection team will identify which capabilities represent “must-have” requirements, and will exclude noncompliant vendors from the shortlist. Identifying must-have requirements is a key aspect of the overall selection process. However, establishing too many factors as “Must have” requirements may leave the project team with an uncompetitive evaluation process, or one that is overly focused on one or two suboptimal choices.

Careful identification of what are “Must have” versus “Should have” versus “Could have” requirements, can help to limit the list of prospective vendors. It can also help the project team manage its time and effort by avoiding the initiation of an RFI or RFP process with dozens of vendors. In a mature application area, the vendors will have already covered most “Must have” functional requirements, so the value of using “Must have” requirements as a key driver often shifts from functionality to other aspects, such as services and vision. For newer applications, “Must have” functional requirements will be more effective in differentiating between vendors.

Successfully organizing, weighting and seeking internal agreement/signoff on the selection criteria in a vendor evaluation model (based on an analytical hierarchy process, prior to issuing an RFI or RFP) will help overcome infighting within the selection team. It will also protect the organization from potential lawsuits with vendors, who may question the decision process, and provide the greatest chance of acquiring a solution that best fits the technical and business needs of the organization, in a cost-effective manner (see Toolkit: RFP for Voice of the Customer Applications for more details).

Score the VoC Vendor’s Ability to Comply With Each Criterion and Subcriterion

Once the necessary vendor information has been acquired, the data should be critiqued and rated against the VoC vendor evaluation model. For the functionality, architecture and services criteria scoring is typically performed using a scale of 0 to 4 where:

- **0** — Capability not provided
- **1** — Capability provided, but requires customized integration with a third party
- **2** — Capability provided by the vendor, but requires customization
- **3** — Capability provided seamlessly by a third-party product
- **4** — Capability provided out of the box

It is logical to also adopt a 0 to 4 scale for the other criteria for continuity (albeit with different definitions as to what merits each score such as 4 = Excellent, 3 = Above Average, 2 = Average, 1 = Below Average, 0 = Poor), but other scales could be adopted based on the degree of granularity that is deemed appropriate.
These scores should be computed for each vendor in each bottom-level criterion of the hierarchy based on responses to relevant, predefined questions used in the RFI or RFP, qualitative evaluations of product demonstrations, reference interviews, etc. The scores should be summarized through each level of the developed hierarchical model to yield a composite score for each vendor at every tier of the model, as well as an overall composite score (the percentage of the goal).

The evaluation's primary objective is to identify at least one VoC vendor and software product that can meet the organization's needs and, preferably, at least one viable alternative product to keep the process competitive. At the end of the evaluation process, the team should identify three vendors whose software and services, at a minimum, exceeded 80% of the “Must have” requirements. These are submitted to management with a recommendation for further exploration of the candidates’ suitability via scripted demonstrations, site visits, cultural compatibility, and so on.

One consideration to factor in is who actually scores the responses. It is essential to have a balanced set of skills within the team to prevent incorrect scoring and, thus, a potentially inappropriate conclusion. Gartner has observed non-IT-focused employees scoring technical IT system-related questions incorrectly, because they don't have the relevant expertise. In some cases, IT staff scoring cost-related questions without financial experience produces the same incorrect results. Gartner has also observed some employees scoring one vendor and a completely different set of employees scoring another vendor, which inevitably creates inconsistencies in the evaluation process. Consistency needs to be maintained throughout the process. This can be achieved through conducting scoring calibration exercises, defining what criteria are needed to achieve each score, and ensuring employees have the skills needed to evaluate the vendor.

Evidence
Contextualization of broader research note that discusses how to develop a hierarchy of criteria for CRM vendor selection.

Document Revision History
How to Develop a Hierarchy of Criteria for VoC Vendor Selection - 4 October 2018
How to Select a Voice of the Customer Vendor - 26 April 2013

Recommended by the Author
Magic Quadrant for Voice of the Customer
Toolkit: RFP for Voice of the Customer Applications
How to Find the Key Differences Between Leading VoC Applications