

POSITIVE ● MOMENTUM

no nonsense business expertise

5 Steps to Customer Success

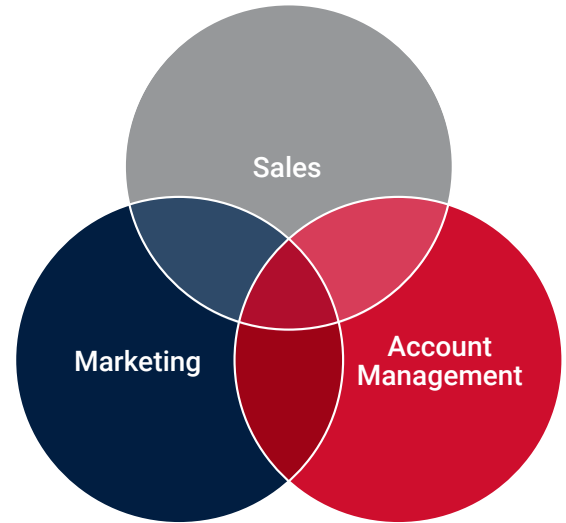
- Creating a function that quickly contributes to the bottom line
- The importance of data, metrics and emotion
- Taking customers on a journey that builds long-term engagement



WHAT IS CUSTOMER SUCCESS?

Of course, every company wants to be successful at customer retention. We all know that it's cheaper to win more business from an existing customer than to win a new one.

What was previously done by Sales (hunters handing over to farmers) and Account Managers to win and onboard the customer, with support from Marketing, now has its own function title; Customer Success.



Isn't everyone responsible for Customer Success?

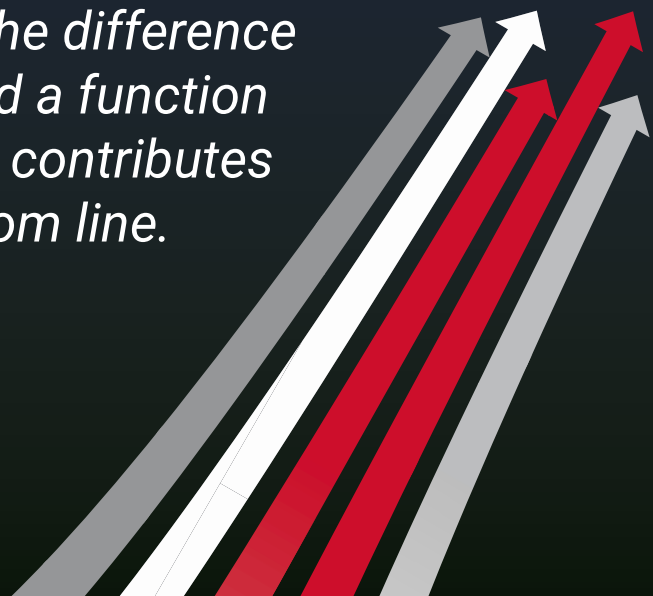
At first glance, having a function focused on Customer Success sounds counter-intuitive. Surely, we all want this? In principle, yes, but in reality, it's not quite that simple. Each team has their own targets, sometimes irrespective of what this means to other teams.

The growth in subscription based products is highlighting the need for effective onboarding and follow-up. Customers can fall between the cracks and don't have the product experience they were expecting. For the provider, this can come as a surprise and is only fully appreciated when the customer doesn't renew. At which point all that hard work, effort and money spent on acquisition is undermined and wasted.



We often work with companies that have hired someone to head up a new Customer Success function. It's certainly a good idea to have specialist resource focused on this critical area, but how does this work in practice? How will it will interact with pre-Sales, Sales, Customer Support, Marketing and, subject to business model, partners? There are some core principles we've found that make the difference between a good idea and a function that actively and quickly contributes to both the top and bottom line.

Mark Evans,
Positive Momentum partner

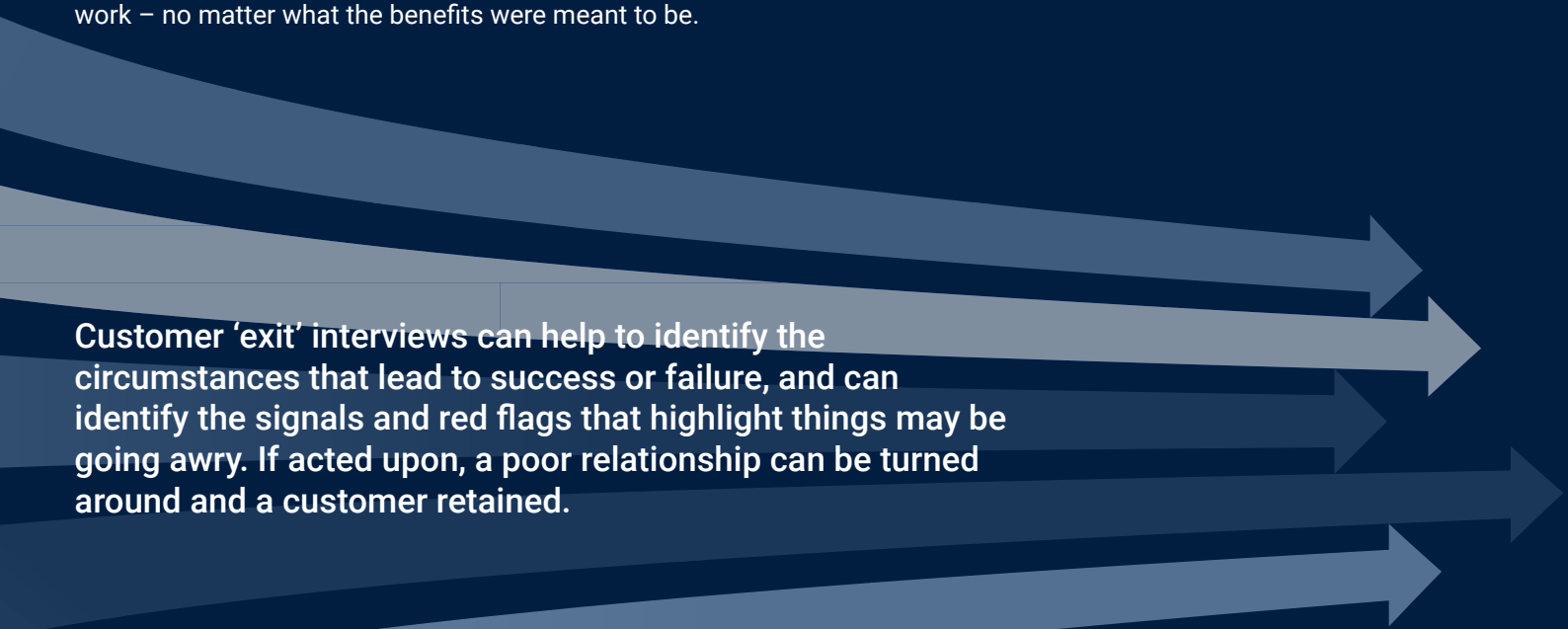


5 STEPS TO CUSTOMER SUCCESS

1 Mapping the customer churn journey

We all concentrate on the customer journey from awareness to acquisition, but the one from purchase to renewal is just as critical. There is no substitute for being seen by customers to be working hard to deliver the promised product experience.

We've found instances where customers had forgotten that they had bought a subscription from our client, or they'd tried it, hit a roadblock and it was just too hard emotionally to solve it. The 'time-to-value' was perceived to be too long and they didn't want to take the time to make things work – no matter what the benefits were meant to be.



Customer 'exit' interviews can help to identify the circumstances that lead to success or failure, and can identify the signals and red flags that highlight things may be going awry. If acted upon, a poor relationship can be turned around and a customer retained.

2 Onboarding from the customer's perspective

It's easy to give new customers access to online training and even hard copy manuals. But many people don't want to plough through lots of formal training programmes.

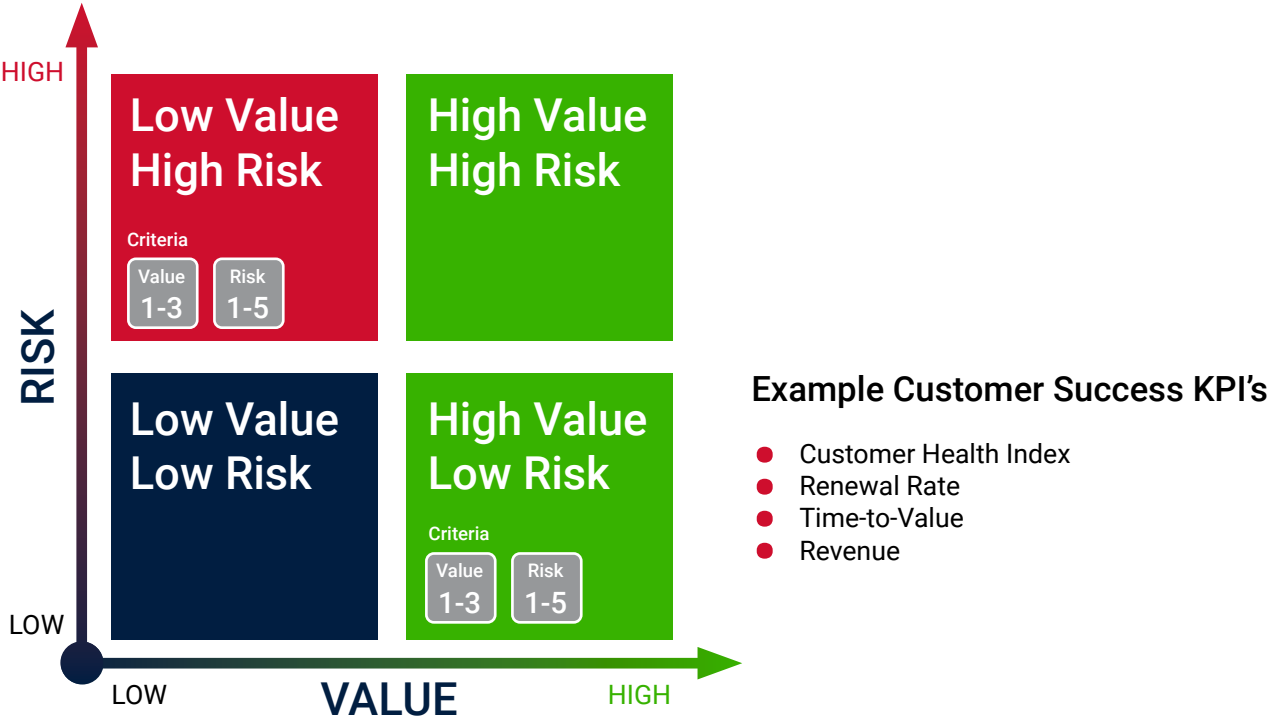
A proven route to overcome emotional resistance to learning is to make it easy to gain an early win. Motivation is critical and rapid successful experiences make all the difference. If I get a result that helps me in my job, then I'm likely to use the product or service again. If I see colleagues having success, then that will also inspire me to keep going.

Finding and courting advocates in the customer organisation who are users, not just buyers, will pay dividends in promoting your product and helping to overcome initial stumbling blocks.

The concept of Customer Success should be introduced to the customer before they sign, so they understand the support available. Think of the relationship as a partnership, designed to help each customer gain the greatest value from your product.

3 Segmenting to prioritise effort

Not all customers are equal and their medium term potential will vary greatly. We've helped companies to build a model that uses core criteria – some generic, some specific to their market – to identify the relative 'risk v value' of each customer. The model clarifies the risk of churn and the revenue potential. From this, the limited resources of the Customer Success function can be targeted on those customers whose loss or growth will have the greatest impact on revenue.



4 Set monetary targets

Customer Success is a part of the customer sales process that should never stop. Every action and communication should help to reinforce that the customer made a good decision to buy your product. Therefore, the Customer Success function should be set, and rewarded on, financial targets and not just the number of retained customers.



Setting monetary targets links to segmentation work. It motivates the Customer Success team who can see that their time and effort is being used wisely with the greatest potential reward for the business and themselves.

Alex Hambrook,
Positive Momentum partner

5 Publicly reward retention

It's easy to focus on acquisition because winning new logos is exciting. It says great things about the company, its offering and its people. Churn says the opposite. We've worked with companies experiencing up to 20% churn rates which means that the hole in the bucket is huge.

The best companies make a big deal about the retention of customers. A global telecoms company we've worked with make sure that winners at the annual President's Club include people who had led the effort to retain important clients. Their value was not just revenue – a key metric – but their position in the marketplace, and the positive message it sent to other customers and prospects. That global recognition of customer retention helped keep their churn rate down.

INTEGRATING SUCCESS TO TAKE CUSTOMERS ON A JOURNEY

There's always going to be customer churn, but anything over 10% is a problem and although the Customer Success function is part of the solution, it's not the silver bullet.

The Customer Success team needs to be integrated into the business and work on the sales process and customer journey with colleagues from pre-sales, sales, account management, customer support and marketing. The journey needs to take customers on a mix of interactions that create engagement - let's not forget that 'people buy from people' and that emotional connection will often save the day.



CASE STUDY



Redgate enables companies to accelerate software development whilst protecting and preserving business critical data.

What did the client need?

A change to a subscription-based business model had promoted a greater focus on reducing churn rates and growing recurring revenue – especially in high growth enterprise accounts. Time-to-Value varied between products, usage and adoption were difficult to measure, and onboarding for the more sophisticated products was perceived as painful. High churn rates were also undermining growth potential and demoralising the team. A new strategy, built on greater insight into churn rates across the business, was needed to focus the efforts of the Customer Success function.

What did Positive Momentum do?

- Interviewed 15 senior managers across the business with involvement in sales, account management, renewal, CS and support
- Assembled data inputs from multiple sources within Redgate
- Developed insights into process gaps in customer management
- Identified opportunities for better, more effective customer engagement
- Built a Value / Risk 4 quadrant customer segmentation model using criteria scores
- Engaged with senior Redgate Data Analyst to run customer data through the model

How did it work?

Over a 6-week period, two Positive Momentum partners engaged with key influencers and decision-makers. Key insights included:

- a lack of understanding as to whether onboarding was successful or not
- very low customer engagement in the period between onboarding and renewal
- vital signals of customer dissatisfaction in high value accounts were not being picked up
- poor customer knowledge sharing across the organisation
- internal data sources were on different systems and of variable quality, reducing clarity

Using these insights, Positive Momentum identified a set of key criteria for evaluating the 'value / risk' level of each account and built a customer segmentation model.

What were the results?

Running the available data through the model enabled accounts to be segmented into a quadrant according to their value/risk score (ranging from high value / high risk to low value / low risk). This has been the catalyst for developing a tailored sales process for customers in each quadrant, and optimising resource allocation across the Customer Success and Renewals functions.



Very quickly, the Positive Momentum people felt part of our team. They were telling me things I didn't know about my organisation and helped us to bring together insights and data into a model that will be the foundation of all Customer Success work going forward.

Tom Austin

Director of Customer Success, Redgate Software

IF YOUR BUSINESS NEEDS TO SET UP OR RE-ENERGISE A CUSTOMER SUCCESS FUNCTION, TALK TO US.

Our customer success specialists include:



Alex Hambrook

Positive Momentum Partner

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Alex is a dynamic business coach and sales performance transformation specialist. He has a proven track-record helping companies to define their value proposition, grow their product market and deliver more customer-centric solutions.

Having spent 18 years working with businesses ranging from Natwest to Ebury, his key achievements include successfully launching a Trade Finance product in one of Europe's fastest growing Financial Technology markets, and helping the world's leading asset-based lending platform to build a short-term and long-term company success strategy that secured 57%+ recurring revenue growth year-on-year.



Mark Evans

Positive Momentum Partner

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A sales and marketing specialist, Mark is an expert at helping individuals and organisations clear away the clutter that can undermine the effectiveness of their communication.

Mark began his career at marketing agencies, including Saatchi & Saatchi where he held a senior leadership position managing teams working with global clients including IBM and Canon. Mark eventually set up and led his own agency, where clients included Legal & General, Prudential, Computer Associates and Equant (now Orange Business Services).

Mark acts as a catalyst for positive change and by facilitating greater clarity and focus. This builds a new confidence in the business that leads to better results.

ABOUT POSITIVE MOMENTUM

If you seek a partner who will have credibility, the ability to constructively challenge and a no-nonsense approach, then please contact us.

Each project at Positive Momentum starts with intimately understanding challenges on the ground. We then build context rich material and methods, delivered only by highly credible former leaders with real work experience.

Our consultants are all former business leaders. We have no career consultants, no junior teams seeking spurious billing hours and no patience with time-wasting academic exercises.

We're practitioners, pragmatists and partners.

