

EMBRACING CUSTOMER SUCCESS

THE NEXT STEP IN THE
EVOLUTION OF SELLING

create
growth

Table of Contents

Introduction 3

1. The Argument for Customer Success as a Practice Team 4

2. Return on Customer Retention 6

3. Customer Success Starts with Onboarding 10

4. Customer Success Needs to Be an Organization Wide Commitment 13

5. Why You Should Outsource Customer Success 15

Introduction

Customer Success management is no longer being combined with other roles or departments. It is a critical new business methodology with its own structure and operating rules. Customer Success goes well beyond the linear architecture of customer service, branching into areas of onboarding, experience management, boosting the lifetime value of customers, and expanding total spend. It ensures that solutions align to business outcomes with ongoing returns on investment.

The here-to-stay cyclical Customer Success motion is an acknowledgement that we have evolved into an outcome-driven economy, firmly built on a core of customer advocacy. Customer Success is the next step in the evolution of solution selling, and raises customer value by increasing customer loyalty and creating ongoing sales opportunities while reducing customer churn.

"Having the ability to tailor an onboarding experience for each customer's needs and context is more memorable and more helpful to the customer in enabling them to be successful using your software compared to merely inserting their name into a generic welcome guide." - George DeCherney, Director of InApp Engineering, ChurnZero

THE HERE-TO-STAY CYCLICAL CUSTOMER SUCCESS MOTION IS AN ACKNOWLEDGEMENT THAT WE HAVE EVOLVED INTO AN OUTCOME-DRIVEN ECONOMY, FIRMLY BUILT ON A CORE OF CUSTOMER ADVOCACY.

① The Argument for Customer Success as a Practice Team

Where customer service is reactive, Customer Success is proactive. Customer Success requires an early, highly intelligent, ongoing, deeper relationship with the customer in order to understand their changing business needs and collaborate to create better solutions.

According to [Bain & Company](#),¹ a 5 percent increase in customer retention can yield an added 75 percent in profits. Gartner also validates [the 80/20 rule](#)²—80 percent of your company's future revenue will come from 20 percent of your current customers. [Marketing Metrics](#)³ data also shows that it's 50 percent easier to sell to existing customers than to new customers, and the likelihood of upselling a happy customer is 14 times higher than it is for closing a new customer.

In today's world of B2B sales, closing the deal is never the end of the sales process. Recurring revenue models require ongoing customer interaction to ensure that customers remain engaged and happy. With the old sales model, it's up to customer service to provide support, but since support is reactive, you deal with the customer only when there is a problem. With the Customer Success sales model, the focus on outcomes ensures ongoing customer collaboration, which means your Customer Success organization assumes the role of a strategic partner, not just another vendor.



To take the lead in Customer Success, you have to embrace 10 things⁴ as part of Customer Success management:

- 1. Assume a shift in perspective** to adopt a leadership role that provides the resources and instruction needed for Customer Success, as well as hands-on support.
- 2. Apply analytics so the Customer Success** team has metrics that indicate customer needs and desired outcomes. Data demonstrates ROI to the customer and helps you adapt faster.
- 3. Listen rather than sell.** You can't find out what you need to know by just asking questions. Customer Success management is built on open-ended questions and active listening to understand the customer.
- 4. Embrace the customer's vision of success** and be prepared to support growth at every step. The objective is to get out in front of the challenge, identify the need, then design the best solution.
- 5. Don't panic when there is a problem.** Rather than worrying about losing a sale or a commission, Customer Success personnel are the first responders who find solutions to the problem, set expectations, and provide a path forward.
- 6. Teach.** Rather than trying to solve all their problems, Customer Success managers share knowledge and show customers new ways to succeed. Empowering customers moves them forward and promotes loyalty.
- 7. Challenge customers to grow.** Part of proactive customer engagement is not only anticipating issues with business processes, but also identifying how to maximize impact on their business for greater market success.
- 8. Protect the customer experience.** A good Customer Success management team understands how to balance today's needs with future requirements and how to adjust the road map while providing transparency.
- 9. Share the customer's voice.** As the customer achieves desired outcomes, their brand grows. Share that message of success.
- 10. Approach selling as advocacy.** When you advocate for the customer, everyone wins.

2 Return on Customer Retention

The secret of a winning Customer Success strategy is knowing how to sell without actually selling. By engaging with the customer and striking a tacit bargain that you are working together for mutual business success, you have laid the foundation to expand the relationship.

The value of any Customer Success relationship is the sum of the length of time they remain a customer, the number of products or services sold, their value as a reference, and the reduced sales overhead from delivering outcomes rather than products. Focusing on outcomes, not products, allows you to continuously explore new opportunities, and then address features and benefits that achieve the required outcomes.

The coming of the [subscription economy](#)⁵ is the driving force behind this evolution in sales. When you are selling a specific product or solution, all the sales efforts go into lead acquisition and conversion. With the subscription economy, you want to lower your [customer acquisition cost \(CAC\)](#) and increase customer lifetime value (LTV). The cost of customer retention is a fraction of CAC, so rather than a sales funnel, you are now looking at an infinite loop driven by marketing, sales, and Customer Success.



However, keeping the Customer Success machinery running requires automation. To lower CAC and increase LTV, you need data and technology. Let's consider, for example, how manufacturing [is adapting to subscription sales](#) using automation.

The emergence of the Internet of Things (IoT) is enabling a new generation of smart, connected products that can generate data about product use. In 2018, [91 percent of manufacturers](#)⁶ said that they are adopting predictive analytics, and 50 percent said that they are planning to invest in artificial intelligence. Seventy-one percent of manufacturers are already using real-time monitoring to capture product data.

It's what they are doing with the data that illustrates how the automation is powering a new subscription economy. When you are paying for reliability and timely service, uptime matters, and the data will show you how your reliability and performance rank against competitors, and where there are weaknesses that need to be addressed. Using IoT and device analytics, manufacturers are moving toward a service-based model, using data to ensure customers get maximum value and reliability from smart products. Proactive after-sales service is a proven way to keep customers.

To ensure that the value of the sale extends beyond the point of purchase, you need real-time visibility into customer "health" using customer usage data and contextual data. Predictive analytics should inform ongoing customer interaction, alerting you to potential threats to the customer relationship, as well as additional sales opportunities along the way.



For example, what if analytics show there is slow product adoption? Many customers buy new solutions and shelve them because of user resistance, or they can't fit them into their workflow. If initial usage is low, this is a warning signal that the customer is not getting ongoing value. Customer Success management should address this problem by increasing customer outreach to overcome integration, training, and other adoption issues.

The same real-time analytics can set off other warning signs. Adoption of a competing solution, for example, means the customer needs to solve a problem that you aren't aware of. Voice-of-the-customer and user sentiment analyses should also tell you where you need to improve the customer experience to ensure LTV.

Predictive analytics using both customer satisfaction input and other data sources, such as customer demographics and market variables, should inform every aspect of the customer journey. The goal is to promote a positive, frictionless process that reinforces long-term value.

Analytics can reveal a variety of factors that directly relate to Customer Success, such as:

- ★ **Low first use:** Determined by analyzing customer behavior, this can be resolved with increased customer outreach to simplify adoption.
- ★ **Likelihood of churn/likelihood to renew:** Ongoing customer interaction and automated smart sequencing (e.g., strategic and timely contact via email, phone, and other channels) provide an indication of the likelihood to renew. Monitoring and analyzing automated responses should provide an early warning about contract renewal, which can help reduce churn.
- ★ **Propensity to buy/receive and reactivate:** Analytics also provide insight into the customer's likelihood to expand their engagement. With the right analytics, data customer growth outreach will be more effective in promoting upsell and cross-sell opportunities.
- ★ **Personalized and customized buying experience:** Does the outcome match the customer's need? Customer growth outreach is required to understand changing outcome value and resolve any issues.
- ★ **Long-term loyalty and brand advocacy:** A byproduct of Customer Success outreach is increased customer loyalty, which also can lead to stronger customer references.

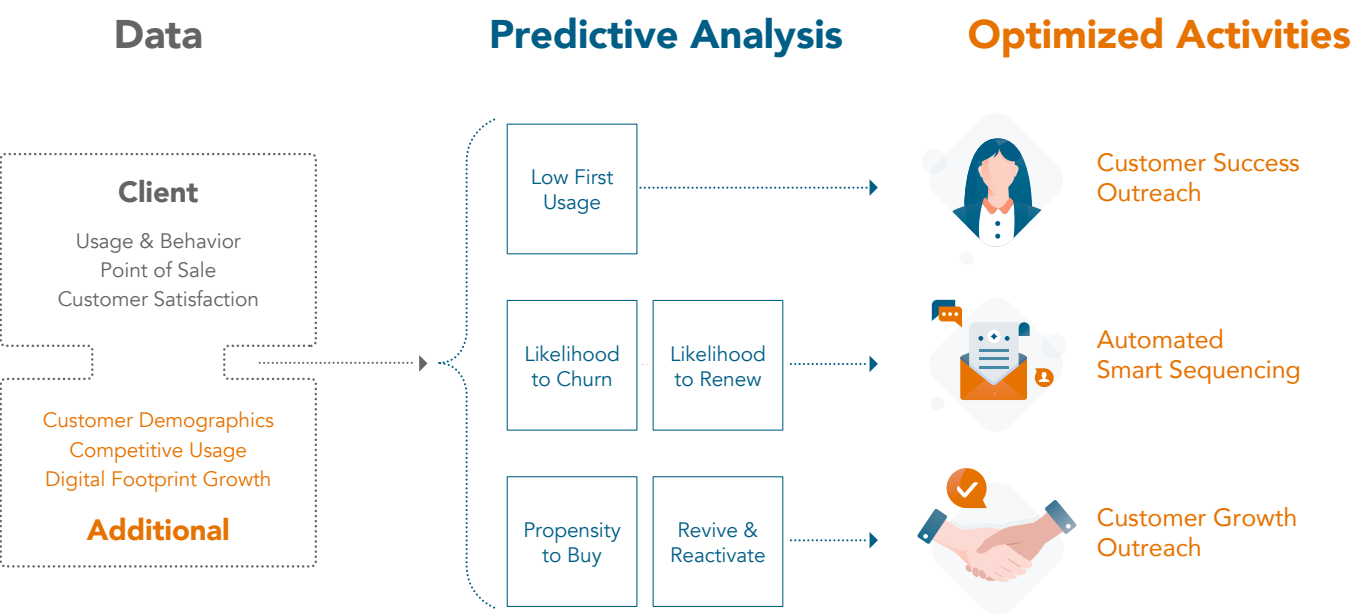
**Take a FREE
Assessment or
contact us today!**

1-800-877-8259
marketstar.com



Data and Predictive Analytics Drive Prescription Outreach

These are all LTV indicators and should reinforce the value of sales without selling.



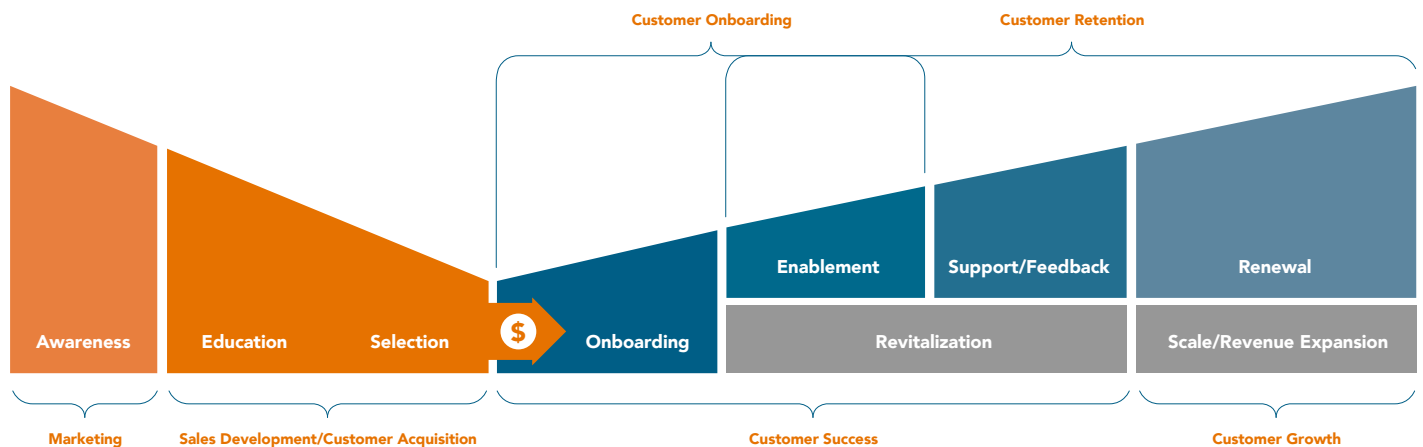
3 Customer Success Starts with Onboarding

Stakeholders in positive customer outcomes will collaborate throughout the entire sales cycle, but hands-on Customer Success management typically starts with customer onboarding.

Onboarding is the linchpin of Customer Success management. It is during training that you collaborate with the customer to align features and functions to their specific business needs.

Customer onboarding is a 90-day process that welcomes customers, provides product or service orientation and training, and demonstrates the practical value of their investment.

It is also during the onboarding phase that you start to plan and execute the customer experience. This is your first real opportunity to engage as a collaborative partner committed to successful customer outcomes, so that the quality of the initial onboarding engagement will set the tone for the ongoing relationship.



Following onboarding is the 90-day adoption or enablement phase, in which the customer should start to see real value and ROI from the engagement. It's at this point that you will encounter issues such as slow adoption rates. It's also during the adoption phase that you will get early indications of possible churn. Data gathered during the adoption phase will highlight hot spots that need to be addressed, provide an opportunity to proactively solve problems before they arise, and deepen the engagement.

During this adoption phase, you need to focus on experience management—resolving issues in real time, tailoring the customer experience, and heading off any indications of potential churn. Unlike the old, reactive customer service model, this is where a Customer Success initiative provides proactive support.

The importance of proactively managing the customer experience to ensure positive outcomes can't be minimized. Consider:

- ★ U.S. companies lose **\$136.8 billion**⁸ each year to avoidable customer churn. Lack of customer support and poor call center service are often to blame for consumers switching brands.
- ★ **One-third of Americans**⁹ say they will change vendors after one poor service experience.
- ★ Reducing churn and increasing customer retention by **5 percent**¹⁰ can increase profits by 25-95 percent.



The ultimate goal is to build customer loyalty in order to promote renewal. When the customer sees that subscription bill at the end of the month, they shouldn't wonder if they are getting value for their money. Happy customers mean automatic renewal, reduced churn, expanded opportunities, and faster revenue growth.

To expand the customer engagement, treat every conversation as a chance to develop a better solution or outcome. Assess what's going right and what can be done better. As part of customer collaboration, you should always be looking to the future, developing new strategies to address the next business challenge.

Due to the cyclical nature of the Customer Success sales model, the end of the buyer's journey is the start of a new Customer Success lifecycle. Each step in the Customer Success lifecycle has a distinct set of activities that promote beneficial outcomes and have a direct impact on your bottom line beyond the initial point of sale. The ongoing value to your organization from managing Customer Success outcomes is increased customer loyalty and additional revenue.



4 Customer Success Needs to Be an Organization Wide Commitment

A strong Customer Success team focuses on identifying adoption with key decision makers and roles, and then ensures that the right outcomes are in place to drive greater lifetime value and higher renewal propensity. Tools such as AI help arm the Customer Success team with data that is personalized and relevant, increasing the value of the conversation.

"The connection between Customer Success and increasing sustainable proven value for both customers and company is not something that can safely be assumed or taken for granted." – Mikael Blaisdell, Executive Director, The Customer Success Association

The old customer service model uses trouble tickets and help requests to react to problems on a case-by-case basis, and account managers need to step in to woo dissatisfied customers and address problems as they occur. It's customer triage, and the mindset is drastically different from that of Customer Success.

Customer Success management is proactive, using multiple touchpoints and data points to assess customer health and identify potential problems as well as opportunities. The process also informs sales strategies by providing insight into the customer journey and identifying weak points that need to be addressed. Customer Success management is a standalone discipline dedicated exclusively to the needs of the customer. It also requires a dedicated role that complements sales, customer training, and customer support.

"THE CONNECTION BETWEEN CUSTOMER SUCCESS AND INCREASING SUSTAINABLE PROVEN VALUE FOR BOTH CUSTOMERS AND COMPANY IS NOT SOMETHING THAT CAN SAFELY BE ASSUMED OR TAKEN FOR GRANTED."

Mikael Blaisdell

Executive Director, The Customer Success Association

The Customer Success team focuses on the customer perspective and how the customer uses and gains value from your product or service. It is tasked with asking the hard questions, such as:

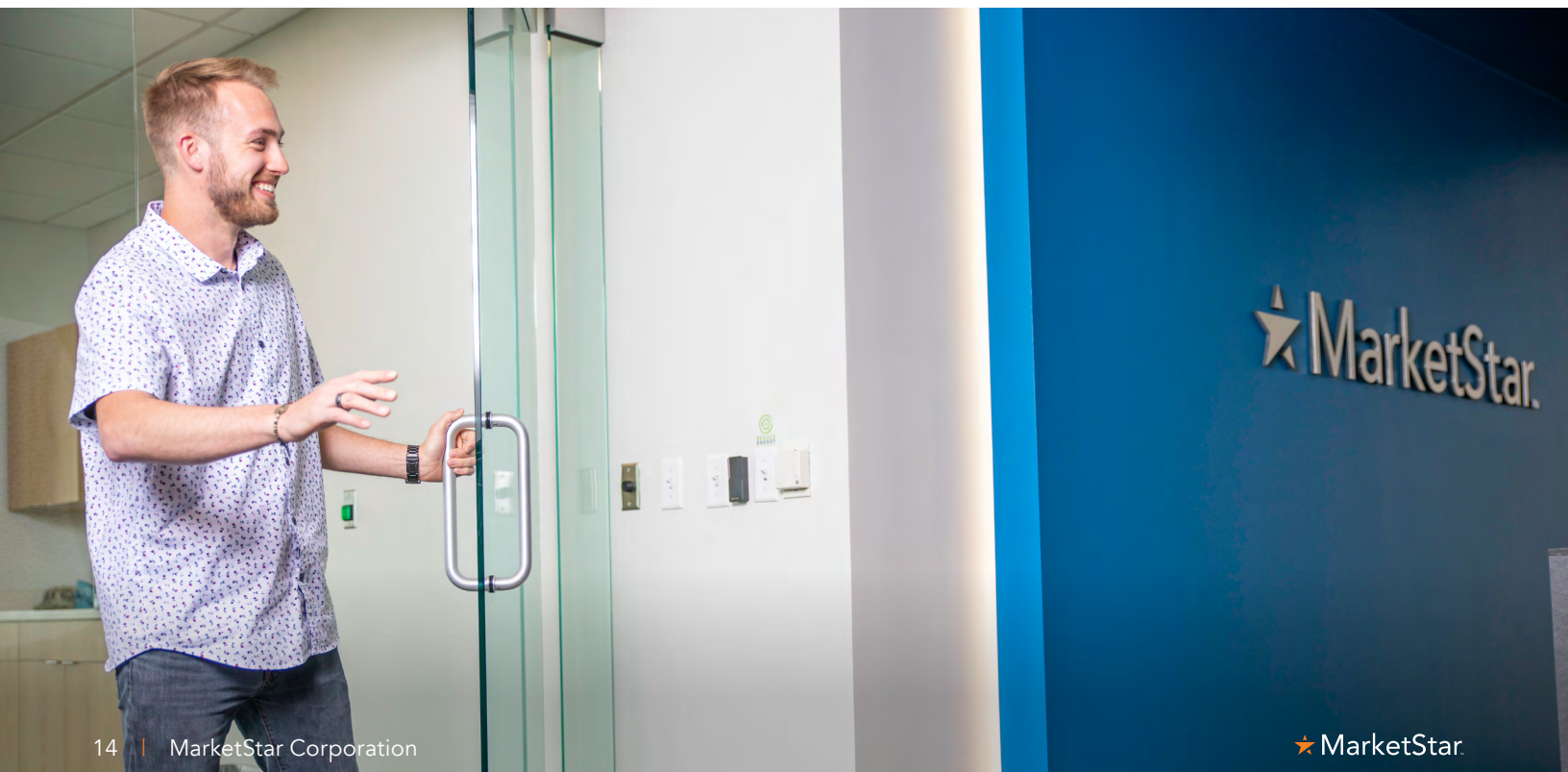
- ★ How do they use our product or service?
- ★ Why do they use our product or service?
- ★ How can we apply available data to help customers get more from our product or service?
- ★ How do we avoid subscription fatigue?

Adopting Customer Success management also empowers everyone in the value chain. You have the members of the sales team, who are the hunters responsible for developing leads and closing deals and who work alongside the Customer Success team.

Then, within the Customer Success team, you have two specific roles: the Customer Success manager and the Customer Growth manager.

- ★ The Customer Success manager is responsible for onboarding and adoption, educating the customer as a consultant and technical support rep, as well as a relationship manager.
- ★ The Customer Growth manager is responsible for talking to the customer about their changing needs, retention, renewal, and finding new ways to promote better outcomes.

Traditionally, these functions have been handled by one individual, but they require two different skill sets.



5 Why You Should Outsource Customer Success

Outsourcing customer sales and customer service is a common strategy, allowing companies to focus on core competencies. But, can you get the same value from outsourcing Customer Success management? After all, Customer Success programs are all about building relationships and gaining insights from the customer experience lifecycle. Can you outsource customer relationship building and still get the information you need to ensure customer retention and drive business growth? Yes.

Just as many highly successful organizations outsource their customer sales and service, outsourcing Customer Success management can yield substantial returns.

**JUST AS MANY
HIGHLY SUCCESSFUL
ORGANIZATIONS
OUTSOURCE THEIR
CUSTOMER SALES
AND SERVICE,
OUTSOURCING
CUSTOMER SUCCESS
MANAGEMENT CAN
YIELD SUBSTANTIAL
RETURNS.**

Consider the following benefits of outsourcing:

- ★ **Highly trained talent:** You get the best expertise available with specialized skills without having to add staff or training.
- ★ **Reduced costs:** Outsourcing Customer Success management is substantially less expensive than creating and maintaining an in-house Customer Success department.
- ★ **State-of-the-art technology:** Any effective Customer Success program requires software and analytics that deliver more than you can get from your average CRM platform. Outsourcing gives you access to the latest technology without having to purchase and manage it yourself.

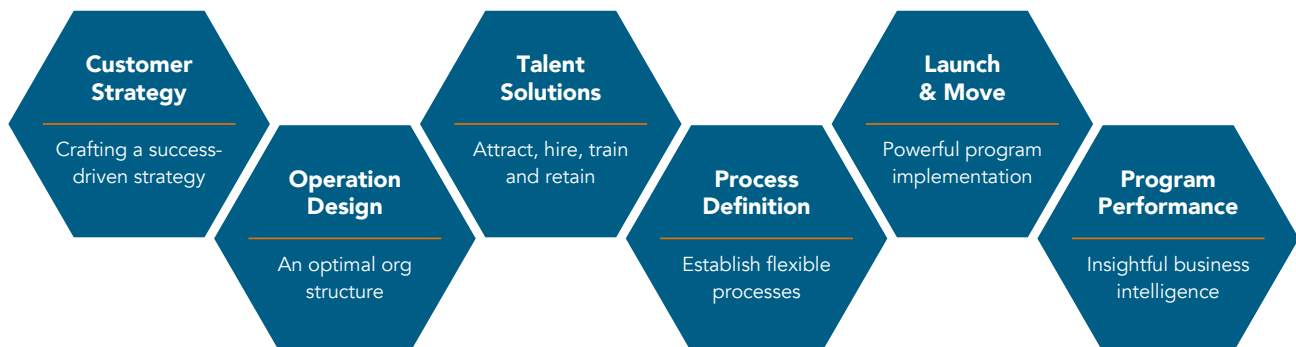
★ **Starts quickly:** The outsourced Customer Success management infrastructure is already in place, so it shortens the time needed to get started.

★ **Greater focus:** Offloading Customer Success management allows your team to focus on what it does best without having to keep track of changing customer needs.

★ **Saves time:** Customer Success management is time-intensive. Your staff can be more productive without having to address customer relationship management and analytics.

The Sales-as-a-Service® Methodology

The turnkey approach to growth-centered customer success



At MarketStar, for example, we apply the latest CRM and Customer Success technology to generate usage statistics and assimilate relevant customer experience data. We maintain a health score for all customers, which measures satisfaction and value well beyond the initial contract and sales quota. We also generate ROI metrics based on usage and value data to prove that your customers are getting what they are paying for and more.

Building on our proven track record of delivering Sales-as-a-Service, we provide turnkey Customer Success services to improve customer satisfaction and expand customer insight while increasing your bottom line.

Glossary Of Customer Success Terminology

AI

Artificial intelligence. In the context of Customer Success, AI is being adopted to power predictive analytics to reveal customer sentiment and expectations.

B2B sales

Business-to-business sales, i.e., one organization selling goods and services to another organization as opposed to B2C, which is business-to-consumer sales.

Brand advocate

A customer who has had such a positive experience that he or she is willing to share their positive experience with your product or service with others.

CAC

Customers acquisition cost, i.e., the formula of expenses paid to acquire a new customer, including sales and marketing campaigns, lead acquisition, lead nurturing, and sales personnel costs.

Churn

A term commonly used to refer to customer turnover, or losing some customers while adding others. The goal of any organization is to reduce churn by retaining current customers and adding new customers.

IoT

The Internet of Things makes it possible to gather performance data from interconnected devices.

LTV

Lifetime value, i.e., the value of a customer to the company during the life of the customer engagement.

Onboarding

The process of bringing on a new employee or customer. In the case of Customer Success, onboarding is the process of training the customer and making them familiar with your product or service, including the value and potential value it offers.

ROI

Return on investment, i.e., a calculation of the profit or return from a sale or investments after customer acquisition costs and other expenses are deducted.

Sales-as-a-Service

Sales-as-a-Service is contracting an outside company specializing in lead nurturing and sales development to expand your business. The Sales-as-a-Service business model succeeds when you can outsource strategic aspects of sales to a dedicated team that understands your business. The Sales-as-a-Service approach has a number of advantages, including freeing your in-house sales team for other tasks, opening new markets or new territories without adding sales staff, or testing new products.

References

1. Alex Lawrence, "Five Customer Retention Tips for Entrepreneurs," *Forbes*, Nov. 1, 2012, <https://www.forbes.com/sites/alexlawrence/2012/11/01/five-customer-retention-tips-for-entrepreneurs/#4606bd205e8d>.
2. Brian Tracy, "The 80 20 Rule Explained," *Personal Success*, <https://www.briantracy.com/blog/personal-success/how-to-use-the-80-20-rule-pareto-principle/>.
3. Paul W. Farris et al., *Marketing Metrics: The Definitive Guide to Measuring Marketing Performance*, Pearson FT Press, Feb. 13, 2010.
4. William Craig, "10 Things Customer Success Leaders Do for Their Clients," *Forbes*, Aug. 28, 2018, <https://www.forbes.com/sites/williamcraig/2018/08/28/10-things-customer-success-leaders-do-for-their-clients/#1e4e18095a69>.
5. Louis Columbus, "The State of the Subscription Economy, 2018," *Forbes*, March 4, 2018, <https://www.forbes.com/sites/louiscolumbus/2018/03/04/the-state-of-the-subscription-economy-2018/#7dff3aa853ef>.
6. "Reinventing After-Sales Service In A Subscription Economy World," *Forbes*, October 31, 2018, <https://www.forbes.com/sites/louiscolumbus/2018/10/31/reinventing-after-sales-service-in-a-subscription-economy-world/#2b1234157e6a>.
7. "Digital Technologies Are Reshaping the Manufacturing Landscape," *Capgemini*, June 21, 2018, https://www.capgemini.com/resources/digital-engineering-the-new-growth-engine-for-discrete-manufacturers/?utm_source=pr&utm_medium=referral&utm_content=none_none_link_pressrelease_none&utm_campaign=disruptdigital_dti_digitalengineering.
8. "US CallMiner Index: Consumers Switch by Sector, the Reasons and the Impact of Call Centers," *CallMiner*, Sept. 24, 2018, <https://learn.callminer.com/whitepapers/callminerindex-us-consumers-switch-by-sector>.
9. "#WellActually, Americans Say Customer Service Is Better Than Ever," *American Express*, Dec. 15, 2017, <https://about.americanexpress.com/press-release/wellactually-americans-say-customer-service-better-ever>.
10. Shamli Prakash, "AI 101: Understanding Customer Churn Management," *Towards Data Science*, June 23, 2018, <https://towardsdatascience.com/ai-101-understanding-customer-churn-management-514416c17643>.



Let us show you how we can increase customer satisfaction and drive revenue for your business.