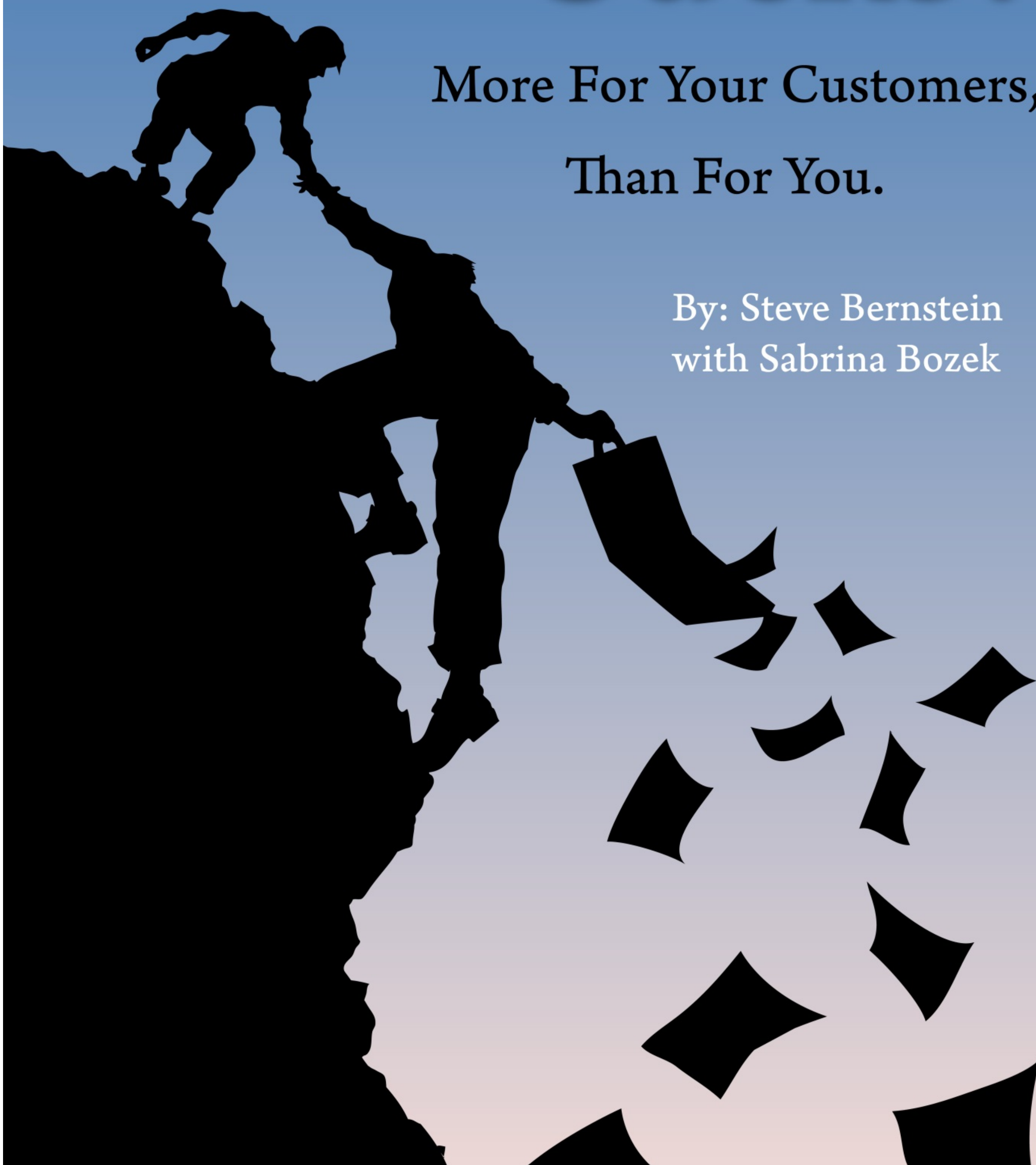
FAILURE Sucks!

More For Your Customers, Than For You.

By: Steve Bernstein
with Sabrina Bozek



A B2B Guide to Customer Success

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(More for Your Customers, Than for You)

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By: Steve Bernstein with Sabrina Bozek

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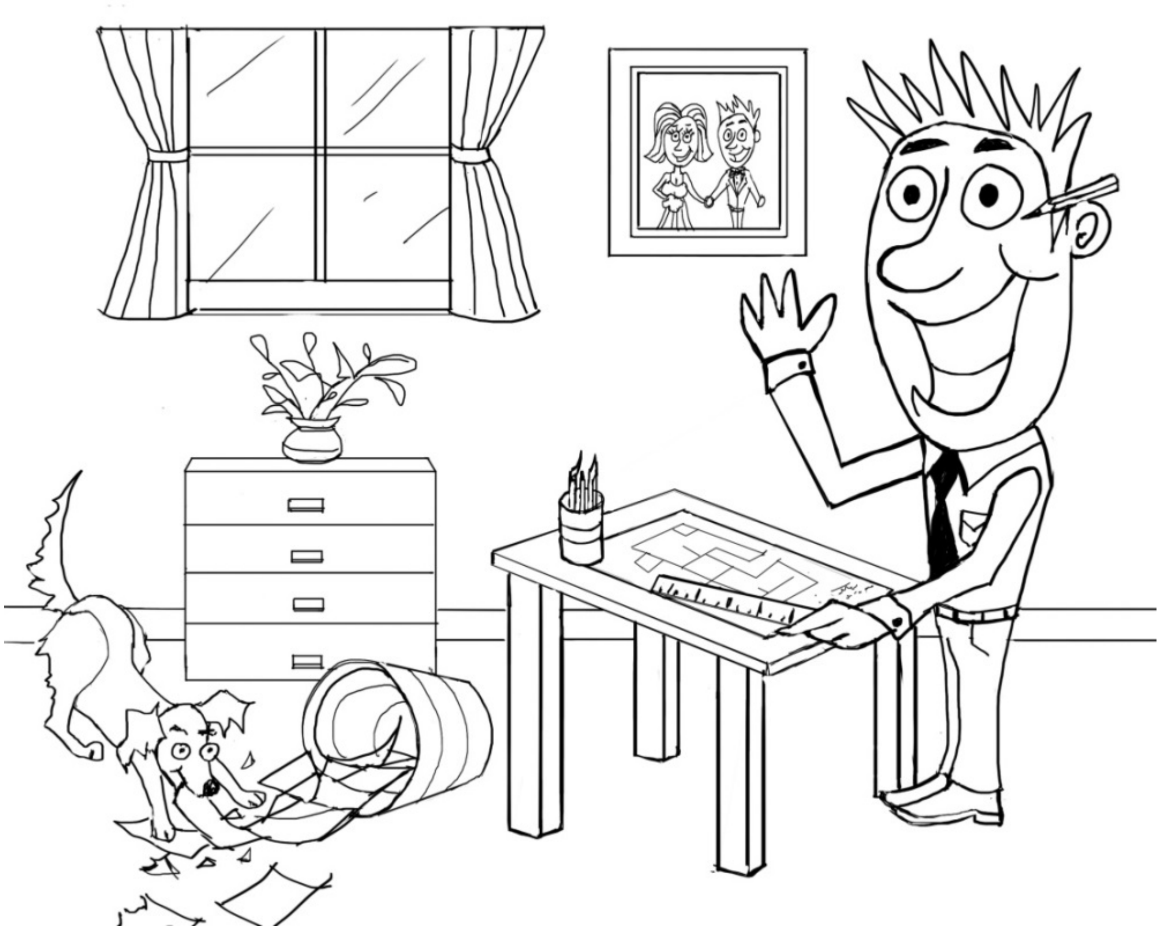
Included in this exclusive Book Preview are **first three chapters** in our Customer Success guide.

We'd love your feedback! Please let us know what you think: **info@waypointgroup.ORG**



Hey, I'm Jake and that's Elwood over there. We're building a house and you're building a customer success program. Turns out, they're very similar processes.

Elwood is currently shredding my files for me—He keeps me on track and we'll keep you on track, too. Let's build a solid structure together.

Introduction

FAILURE SUCKS. IT'S ALL ABOUT SUCCESS

The customer experience (CX) industry has always been around in some form or fashion as brands strive to find the key ingredients for customer *loyalty* using *feedback* and solving issues with a solid *Support* team. There are so many names used for this industry, which has so many facets and complicated inner workings, particularly for business-to-business (B2B) companies—the focus of this book. Over the past few years, we've seen brands finally get it: the defining differentiator isn't just a good product *or* experience. It's the combination of the two that leads us to Customer Success (CS). **It's time to stop treating *customer* success as separate and distinct from *corporate* success.** This recent industry name not only envelops loyalty *and* experience *through* customer feedback, but it also implies the big picture: delighting people by achieving goals.

Because indeed, failure does suck. It not only *feels* horrible but it can also lead to lasting negative consequences. And as bad as it feels for you to fail, imagine what happens to your customers when *they* fail as a result of working with your company; *paying* you to fail! It's a double-whammy: Not only will you lose out on new opportunities that would have otherwise been lucrative for your company, but you're also likely to amass unhappy customers that become a cancer on the organization; eating away at the goodwill of happy customers by causing excessive "reactive" expenditures and negative word-of-mouth.

Of course, the opposite is true, too: When your customers are successful, your company will be more successful. You'll gain more references, referrals, cross-sell and up-sell opportunities, product ideas, and other advantages. In other words, a key ingredient of B2B corporate prosperity is whether *customers succeed* with the products and services you provide. Can companies triumph any other way? I suppose they could with enough time, patience, and money—all of which are in short supply in the world, let alone in business!

At its core, this book is about improvement. Companies want to get better at what they do, not because of an altruistic feeling, but because we know that "better" equates to increased stakeholder value. Whether the company is public or privately held, B2B businesses exist to make money, and seeking out "better" ways to make money is a natural quest for every company.

What does it mean to be "better?" For many, being "better" means supporting the company's growth strategy. But that's not enough. These strategies shouldn't just be focused on growth. They should support ***accelerated*** growth. Even if your company is growing, it's not necessarily getting better; it's likely doing more of the same. You know your company is getting better when you're able to do *more* things *faster*, as evidenced by an improvement in the rate of financial growth.

And therein lies the rub: *improvement* means change. And change is hard.

You might be thinking, "This isn't my job. I can't do this. I'm just a ____ in a large company." (Hey, keep it PG, buddy! I know where your mind went there …) Product Marketer, Sales Rep, Project Manager, or Customer Success Coordinator— whatever your title—you got this. You simply need to show some thought leadership and *want to do something different*. And this book will show you how.

If your ambitions don't involve improvement (*read: change*), then this isn't the book for you. But as the ancient scribes wrote, "If not you, then who?" There's a difference between leadership and authority. This book will help you establish leadership, which can come from any part of the company.

And if you haven't noticed already, we'll keep the tone light throughout. We know you don't have unlimited free time to read business books (whaaat?). So we hope you enjoy our attempts at humor while we embark on how to achieve "success" with results. Spoiler Alert: Establishing a goal and meeting it isn't enough. You'll need evidence with the right metrics.

She's a Brick … House

As we thought about the process of constructing a CS program, the parallel to building a house became clear: creating a plan or blueprint, laying the foundation, framing, roughing-in, and finishing up with adjustments that carry into the future. These steps also apply just as easily to any project you can think of.

But there's another, far more important reason we think about Customer Success as "building a house." When you're building a house, it's easy to see progress and *results*. There's clear evidence in the form of the physical structure. In corporate life, it's often too easy to lose track of the notion of results. We spend time in meeting after meeting, rehashing old PowerPoint decks, communicating project status, discussing strategy. It's easy to get sidetracked by ever-changing tasks and priorities when it's difficult to see the fruits of your labor.

So this book is a guide to help you build your “house.” When you build a strong, structured, CS program, you will begin to see accelerated profitable growth and achieve the improvements needed to get there. And just like with a house, the work is never “done.” There are always lawns to mow, response rates to increase, or new customers to turn into advocates, but having an established program to serve as the infrastructure for CS will make these tasks easier and automated over time.

We’ll start off with forming the foundation: What is “customer success” anyway? We’ll analyze the Customer Success Equation as a critical system for managing and understanding the necessary ingredients for success. Next, we’ll show how it’s critical that we HEAR our customers through dialogues (not necessarily surveys!) in order to facilitate and stimulate success. Section 2 will include our core HEAR system: **H**arness a collation, **E**ngage customers, **A**ct on feedback, and **R**eveal insights.

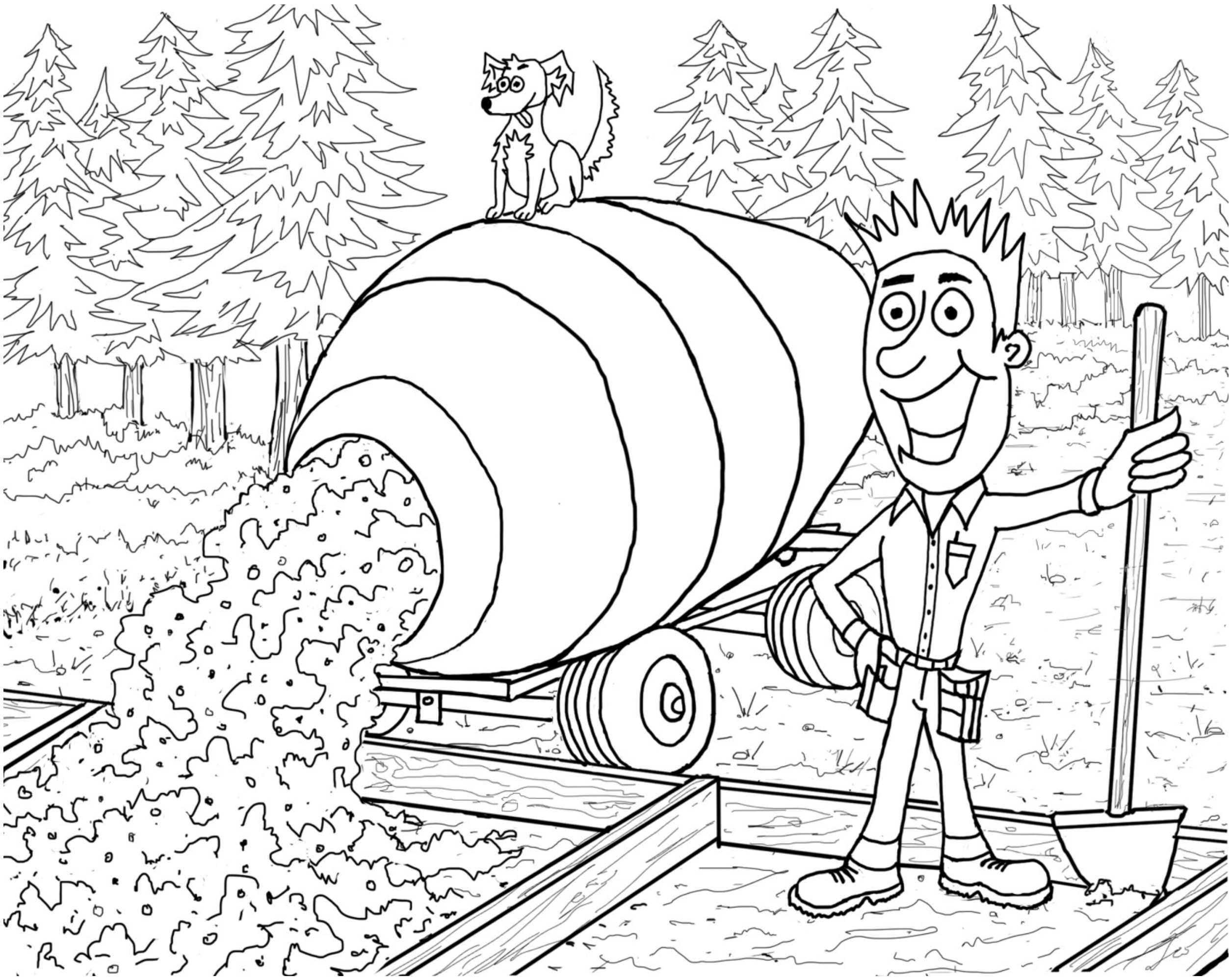
With the HEAR process in place, you can then begin thinking about expanding your program by driving success with a broader audience. If only we humans had ESP, we could really know what people were thinking and use it to our advantage. Section 3—the “rough-in” where we put in plumbing, electrical, and the necessities in our house—is where we build our ESP for **E**xecutable, **S**calable, and **P**rofitable practices to grow.

The final section of this book will breakdown the best practices in questionnaire design. You may think that it’s a bit odd that right at the beginning of this book we’ll talk about the importance of gathering feedback to facilitate this process, but then wait to discuss surveys until Chapter 11. Nearly every company in the world has some sort of survey process used to facilitate the gathering of customer feedback, and you may be tempted to start your effort with surveys …

but don't! When you recognize that feedback is always in context—relative to expectations—you'll find that there's far more to feedback than meets the eye. For this reason, the discussion on survey and questionnaire design is addressed in Section 4, also known as "the finishing touches."

Success doesn't come easy. But hey, if it were easy, then anyone could do it, right? No one person or organization is to blame when failures occur. If one person could really do this solo, then why do we need all these employees?! Since it takes a full team, you'll need to make sure the company is building the house off the same plan. And that's where you come in. You'll be the steward of Customer Success for your company, and this book will make that task easier for you.

From the many customer feedback programs we've been involved with in more than 20 years, we've learned the critical success factors and how those tools can be leveraged to drive results. We hope your journey to lasting Customer Success is aided by the lessons we've learned along the way.



Section 1: Building the Foundation

<u>Chapter 1: Winning with Customer Success</u>

In this chapter you will learn to…

- Understand the need for Customer Success
- Recognize the foundational concepts of Customer Success
- Identify how some companies have *failed* to use Voice of Customer (VoC)
- Clearly HEAR your customers

> *"Coming together is a beginning. Keeping together is progress. Working together is success."*
>
> —Henry Ford

Henry Ford, arguably the father of the modern business organizational structure, said we all need to work together for optimal success. But why would we do such a thing? Typically, we want to "win" at everything we do—at work, in love, during friendly competition, and, wouldn't it be nice, when playing the lottery. Even if you don't think about your daily motivations in terms of winning, at the very least you don't want to *fail* at what you're working toward. At work, you may not be consciously trying to be the Employee of the Month, but you certainly don't want to be at the bottom of the pack.

> **What is "VoC"?**
>
> Voice of Customer (VoC) is a term many businesses employ for customer feedback that is used for product and service insights. Collecting insights that are literally in the customer's voice is the best way to understand if your new product is on the right track or needs adjustments and what those adjustments should be. In essence, this entire book will be how to utilize VoC to drive profitable growth.

Everyone has different motivations and work styles, but I'm guessing if you're reading this book, you are a proactive, forward-thinking individual—or at least you're trying to be! If you're looking to prove yourself at work to earn a promotion, get a new job, or simply be recognized by upper management, initiating a customer-centric Voice of Customer (VoC) program can be exactly what you need to succeed. This book will serve as a business-to-business (B2B) how-to guide that will help you win at work and get that promotion or new job by accelerating profitable growth and, more importantly, by making your customer successful. By following the steps in this book, you will be able to properly execute evidence-based decision-making—rather than engage in the backwards decision-based “evidence-making” that many companies do. Enabling Customer Success (CS) in a B2B company will not only help increase sales and reduce costs, but it will give you the metrics and results you need to prove the value of your own contribution. We’ll begin by clueing you in on why CS is so important (because even if you’re sold on it, you will need to recruit others from various departments to get the gears of change moving) and letting you know how to get there in the shortest time possible.

Winning at Work

Winning at work can’t simply be a matter of checking things off your to-do list each day, although that can be satisfying in the short term. We all have deliverables we need to produce and hand off to our supervisor/boss/governing board of directors, and we work countless hours trying to make those deliverables impressive. But will they be enough to have an impact on the business? You have to create value and generate a profit in order for the company to truly “win” at the end of the day.

What do I mean by “create value”? Let me give you a simple example from my personal life that (unfortunately) translates to many corporations. When my daughter was eight years old, she was on the community swim team. She did well and generally placed in the top five of the race each time. She always received some sort of ribbon, although she rarely reached higher than third place. Not to be harsh, but she was hardly graceful in the water, thrashing and kicking around through each lap. When we suggested she work on her technique, she shrugged and asked, “Why? I’m earning a ribbon each time.” She did not understand why a little bit of effort to enhance her technique would make a valuable difference and help her rise above her competition.

Your company may be operating with the same logic. Things are going well enough—you’re making money, clients are onboarding (while some clients are lost) and you’re releasing new products. If it ain’t broke, don’t fix it, right? Wrong. The thing is, you could be making *more* money. You could be onboarding *more* clients—and losing *fewer*! Your product releases could be more foolproof and you could be creating value by simply learning from your customers.

In short, the best way to create value is to think like Jerry Maguire and Rod Tidwell as they were working through their symbiotic relationship: Help me, help you. Help your customers first, and help yourself (and the company) in turn. If you aren’t crossing things off your list that matter to your customers as well, then you may just be spinning your wheels. B2B customers are a bit different from typical consumers. **They expect more than service to keep them happy—they expect your product or service to help them be successful at work.**

After all, if you think about it, we’re all trying to win. To make things more complicated, B2B buying decisions are more complex than a traditional business-to-customer (B2C) transaction since a larger buying syndicate needs to get budget approval. Likewise, B2B companies technically have fewer customers—because they are grouped into accounts—although there are still many different voices and opinions within each account. This dynamic makes each customer matter that much more, as each relationship needs nurturing in order to be maintained.

Instead of focusing on email campaign click-through rates, website statistics on bounce rates and "stickiness," press hits, average speed of answering Support calls, and so on, we need to be analyzing metrics that impact the bottom line. Nearly every company is looking at metrics like these to benchmark progress. So what is wrong with this scenario? Well, nothing, if you want to remain stagnant. Accelerating profitable growth means striving for change, which can't happen if your routines and metrics don't change, just like my daughter's swimming technique. She will never get to the Olympics using the same unfocused strokes. You don't have to be the next Michael Phelps, but with improved techniques, you can do more with less, increasing efficiency and scaling down costs in the process.

Is something holding you back from winning at work? We have a counterintuitive habit of spending tons of time in meetings, leaving little time to do actual work—because we are just *talking* about how to do the work. In those meetings, do you perhaps think that your ideas are not good enough, so you keep quiet? Or are you so low on the totem pole that you feel like no one will listen to what you have to say? The truth is, many of us work in fear: fear of our ideas being rejected, fear of making the wrong decision and having your boss find out, and, ultimately, fear of failing and being fired. The good news is, with the help of this book, you can begin to eliminate the risk that your ideas lack foundation by looking externally to customers for their input on how to make those tough business decisions. Once you are armed with this reinforced ammunition, you should have nothing to fear at work—but fear itself. And Bill in Accounting. He's scary, but I digress.

Consider this example I recently came across with a client (all names have been changed for privacy). Through various marketing and networking events, I became aware of AcmeSurvey, which provides survey technology via customer relationship

management (CRM) integration for enterprise clients. As someone who routinely works with B2B companies to design customer feedback programs, I am often in a place to recommend this type of vendor for survey deployment. Given that my client—we'll call them Customer Z—uses the particularly popular CRM system that AcmeSurvey supports, it was a natural fit. However, as the process rolled out, the relationship between the vendor and my client unraveled instead of thrived. Here's what happened on the surface:

- Marketing did its job of getting the word out and setting expectations with an efficient CRM integration that sounded good enough for me to refer business. Check that off the to-do list.

- Sales did its job, telling the customer what they wanted to hear and closed the deal with Customer Z. Check.

- Client Services got the customer up and running, implementing the software, linking it to the CRM, and personalizing surveys with branded templates as promised. Check.

- Support closed the help desk ticket when the client asked for help. Check.

Looking at each touchpoint, specific goals and pre-determined objectives were technically reached, but perhaps these objectives are missing the mark: Our client still can't really do what it needs/wants to and is struggling for a solution. AcmeSurvey isn't *really* helping Customer Z achieve success, as it doesn't provide a solution to the customer's particular need, and Customer Z is now investigating the need for a different vendor.

The Difference between "Solution" and "Product"

Making changes and updates to a product is pretty self-explanatory, but providing a solution to a problem is broader in definition. It could involve making a product change, but it could also include operational changes like process streamlining, organizational restructuring, pricing adjustments, and so forth. A solution is also targeted at specific-use cases (i.e., customer problems), and may incorporate third-party products or services in order to deliver realized value.

This specific situation had more to do with misaligned and misunderstood expectations than anything else, which as you'll see in the Success Equation chapter, is an integral component to the overall customer experience. Since AcmeSurvey provides a platform for designing and executing relationship surveys, our expectations were that a typical skip-logic function would be built in as it is with other enterprise survey vendors. This function allows respondents to identify their roles and how they interact with your product in the beginning, allowing the software to filter specific questions that would be most relevant to them. What's the point of asking a Decision Maker who never actually uses your product to evaluate a specific deliverable? She won't get anything out of the process and neither will you. Being able to segment your customers and ask the right questions to the right people is key to a good questionnaire design and collecting trustworthy insights. And AcmeSurvey could provide a solution for that. Or so Customer Z thought. So as they expected to be able to use skip logic, they designed the questionnaire this way and struggled to click through the interface to find how to do what they wanted.

Throughout several conversations to solve the problem, my team learned that for a minor additional cost, training and hands-on implementation can be bundled for customers who need assistance in navigating the interface. Knowing this ahead of time during the sales process might have helped save some time and frustration and should be a lesson learned for Sales: Bundle training up front. It will save you money in the end! Don't wait for customers to ask for help—be proactive in solving their issues. AcmeSurvey subsequently provided the hours of training in the end and found a "work-around" that allowed Customer Z to have a temporary means of executing the survey they intended. After delivering the training, Client Services felt the issue was resolved. Check.

According to this checklist, each department continually met its goals, so technically, the deal was successful. But because of the friction in doing business, miscommunication, and time lost finding a solution, Customer Z isn't going to renew in the end. The work-around is not that great and takes much more time than if they had a real skip-logic function—something a competitive survey vendor already offers! And they certainly aren't going to be recommending AcmeSurvey to colleagues when asked about how they conduct VoC through surveys. That's money down the drain that could easily be saved by acting on customer feedback when customer success is a core value.

We often get so caught up in meeting our personal quota and "numbers" to impress others with the deliverables we create that we lose sight of our ultimate goal: to deliver an "offering" (what we should be calling a "solution" in B2B) that helps make the customer successful. Focusing on *short-term* sales quotas and revenue goals will not add long-term value to your company and will not help you accrue the metrics needed to prove your optimal contribution to the *long-term* health of the business. By focusing first on the needs of the customer, we can then support our own goals (company or personal) with accelerated growth that will last.

Let's break it down and look at what *actually happened* versus what *should have happened* at AcmeSurvey.

Department	What Happened	What Should Have Happened
Marketing	Differentiated on cost, value, and CRM integration features.	- Understand the market needs and problems that need to be solved. - Identify how the company will provide solutions and which specific-use cases it best supports. - Create a marketing requirements document (MRD) that accurately depicts the needs of customers that the "offering" will solve. Strategize messaging and campaigns around these requirements to manage expectations.
Sales	Closed the deal to meet sales quota.	Ask pointed questions to discover how the client intends to use the software and how this product will fulfill those needs. Don't sacrifice long-term profit by focusing on short-term goals.
Support	Responded to request and contacted Client Services. Closed help desk tickets as needed.	Capture unsolicited, informal feedback and relay customer-use cases (situations in which the customer expects the product to work) to Product Management and Sales for improved customer experience. Utilizing customer requests without having to ask for it is the easiest and best way to integrate VoC.
Client Services	Provided training and "work-arounds" as needed.	Relay customer-use cases to Product Management for future product iterations. Offer training services up front or as a value-added feature in the sales package. Even though the cost may increase—money spent now will be less than the cost to satisfy angry customers after-the-fact.
Product	Built a survey tool that integrates with CRM software.	Solicit feedback from Support and Client Services. Be receptive and flexible when listening to customer feedback in order to build a product that aligns with the use cases (and hence, features) that customers need. Software companies like AcmeSurvey are in the best position to be nimble and add product features in the next iteration.

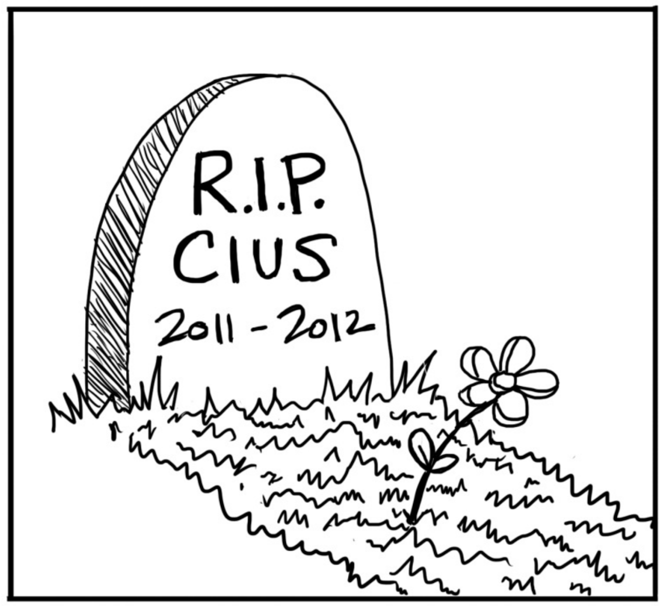
Companies need to understand that the messages they're sending are not exactly aligned with product offerings. No one goes to Wal-Mart for a custom-tailored suit because that is not the message or expectation the retailer sends out. You know exactly what to expect before you even walk into the store: discounted prices on items from clothes to food to home goods.

Employees at different touchpoints should take note when customers ask for specific capabilities that are currently not offered, sending that message back to Product Development to add into the pipeline. Acting off this unsolicited feedback is the crux of being customer-centric. Being able to turn constructive criticism into fodder for improvement without having to conduct major focus groups is low-hanging fruit that simply cannot be allowed to rot. AcmeSurvey didn't even have to send out a formal survey and crunch a ton of data to learn that its clients are in search of specific functions—they only had to determine if the given use case is one they want to support.

We can also see in this example how departments are inherently siloed and lack the proper cross-functional communication needed to be efficient in CS. I've heard it a million times in talking with peers: We all work in silos, separate from one another because there is "so much to do." Things get bottlenecked and lost in bureaucracy if additional departments get involved. Everyone is so concerned with their own success (read: striving to win) that taking time to communicate with different departments causes red tape and seems too time consuming, so it is often avoided. A kink in the value chain is one of the biggest reasons for stalled initiatives because you depend on so many other people to get things accomplished every day. Whether it's getting approval from a boss to move forward, or the need for Engineering to provide specs on a product before Marketing can create messaging, there are many people in the process that keep projects from progressing. The thing is, CS can't be accomplished by one department or employee. For a truly effective CS program, you will need others from all over the company to be on your team, so one of the first steps we'll have you do in Chapter 3 will be to identify who should be in your coalition to drive CS.

Stop Thinking, Start Knowing

Do you remember the Cisco Cius? Unless you worked in a company that used the device for conference calls, you may never have heard of it. The Cius was Cisco Systems' ill-conceived attempt to claim its share in the tablet market for businesses as "an ultra-portable, mobile collaboration enterprise tablet that offers access to essential business applications and technologies."[i] Although it had some features that were handy in a business setting, the Cius only lasted about a year before Cisco discontinued it.[ii] In fact, almost 70 percent of all B2B marketing and sales initiatives that are launched end in failure.[iii] To the joy of corporate PR reps everywhere, these missteps are not highly talked about in the media due to their diminished exposure to most consumers. But if you knew that your company projects had a failure potential that high—and that every product and service does—wouldn't you want to take a step back, pause, and take some of the risk out of the equation?



If you said “Yes,” then you’re reading the right book—it’s all about how to do that. Your customers are the best tools your company can use to be more risk averse when launching new products and services. Learning about the needs of your customers and understanding how to solve them will be the differentiator your company needs to succeed. Research shows that the most successful companies are able to understand their customers’ needs and can articulate them.[1] Logically, this makes sense: if you know what kind of problem you need to solve and can speak to it, then you are right on track with determining a solution.

Developing this kind of program may seem daunting at first. “What can I possibly do within my company to drive customer success?” you may ask. Or, “How do I convince others in my company to want to enable customer success?” Don’t you worry, we’ll answer all of these questions in the upcoming chapters. Using the HEAR process introduced at the end of the chapter and detailed in its own section, you can create a formula for accelerating profitable growth by uncovering insights that create value. Results are inevitably in the hands of your customers, so you should be talking to them about what their needs are and understanding them as early as possible.

Results Come From Customers, Not From You: What Went Wrong with the Cius

With the development of the Cius, Cisco was trying to compete with the tablet market, which was only starting to see a gain in acceptance. They thought there was a business need for this kind of mobile telecommunications technology due to the fast-paced, globalized society we live in these days. Previous versions of tablets had not been largely successful, although to the Cius’ detriment, it launched in 2011—after the iPad was released. Many businesspeople who

[1] Steven Markham and Hyunjung Lee, “Product Development and Management Associations 2012 Comparative Performance Assessment Study,” Vol. 30, Issue 3, p. 15, May 2013, doi: 10.1111/jpim.12025.

would personally buy a premium tablet and use it for mobile technology like teleconferencing were now already captured by the hottest tech company of the decade, Apple. Competition aside, it was clear early on that this tablet would not succeed in the enterprise market or with consumers. News of the Cius was leaked before the product was released to little fanfare and many questions.

- "The device launch was probably the hottest topic of Cisco Live's first day. … As I got a chance to wrap my head around the product and its interaction with other Cisco services, software and tools, I started to ask why Cisco built the hardware for Cius at all."[iv] *—Frost & Sullivan*

- "Cisco just announced the Cius, a weird little Android-based tablet computer for the enterprise market … comes out in Q1 2011. We don't know who will want this thing, but if it plays nice with corporate systems maybe it can find an audience."[v] *—Business Insider*

Rather than addressing the media's concerns, Cisco launched the product without added explanation. While many do credit Cisco with using beta testers to give "critical feedback," one wonders whether they bothered to ask the right questions from the outset.[vi] Did Cisco ask Chief Information Officers (CIOs) whether they needed this type of technology before investing millions in producing and launching the Cius? It doesn't seem to be the case, as they were busy trying to produce something that would help them "win" in the enterprise market without thinking about what it meant for the business. I've heard from personal exchanges that many beta testers of the product were not really sure what good it would do for them. This alone should have been very telling to Cisco Product Development! If you send out your new product and your beta testers give you a confused look and question why they need the product, it's time to go back to the drawing board. This was potentially the earliest indication from its own customers that the Cius was misdirected and lacked any real value to corporate workers. So clearly, it's not always a matter of collecting VoC, but *acting on it*.

Using Cisco as a case in point, focus on enabling Customer Success, not your own desires for market share, in order to move the needle. Were Cisco customers really struggling with videoconferencing on the go? Clearly not. If that had been an issue for companies, this product might have had a lasting impact. However, with a hefty $750+ price tag on top of its other issues, it became much easier for employees to bring their personal tablets and laptops to meetings, purchased for much less—even the iPad!—and eventually empower the Bring Your Own Device (BYOD) craze. CIOs, the main target for making the decision to purchase the Cius , essentially found they didn't need to buy the pricey gadget but simply let their staff bring in their personally purchased, consumer-driven tablets that performed many of the same functions thanks to a Skype app or Apple's FaceTime.

Remember the name of this section? (It's a good one to keep in your hippocampus.) It should be your new mantra: *Results come from customers, not from you.*

Engaging customers early on in the development process takes risk out of the equation. We spend so much time trying to be risk averse in finance and other ventures; why not with product development or other business initiatives? By engaging with customers earlier in the design process, you can learn hard and fast which elements need revising, which features need to be scrapped altogether, and, most importantly, whether your product has a chance to succeed or not. When you acquire the evidence you need to make smart decisions, the magic of Customer Success happens. Collect these insights by creating a dialogue with customers using VoC initiatives and start *knowing* what your customer's needs are instead of *thinking* you know. The best-performing companies in the country can articulate the needs of current and potential customers. Think about it—it's common sense and yet most companies are still not considering how their product fulfills customer needs!

Can You HEAR Me Now?

In order to overcome your fear of failing, we've created a simple methodology to ensure that Customer Success is easy as long as you HEAR your customers loud and clear. Section 2, Chapters 4 through 7, will describe these factors critical to CS program success in more detail

Harness a coalition of cross-functional peers in your organization to help define CS and describe what it looks like for your customers. Convey your passion for Customer Success and how it translates to the best-performing companies, and then make it contagious. You will want to have representatives from every department (ideally) in order to act on feedback even on a small scale.

Engage account managers (AMs) within your organization to begin talking with customers directly in order to get a pulse on what is stalling or preventing their success. Understanding what challenges your customers are facing and how they spend their time interacting with your product or service will ultimately strengthen relationships for AMs. These front-line employees will then have obvious skin in the game and will benefit from CS as well, helping to infuse the ideology into the company culture.

Act on customer feedback by prioritizing need areas based on what is feasible to do *now* and what needs to be saved for a *later* date. This could be anything from letting customers know they already have specific functions available (this is often the case with complex software solutions) to working with product management for more complicated items to be developed for the future. By linking your customer sentiment to financials (we'll go through that in Chapter 10) you can understand which solutions would have the biggest impact (or not) to help prioritize action items.

Reveal the insights to management, peers, and eventually your customers. Showing the value of customer insights and positive responses (even when beginning with a limited-scope, pilot program) can be a powerful tool to scale your efforts. The best way to demonstrate listening to customers is to let them know their feedback is being put into action and was worth their time. This acknowledgement will be crucial for increasing response rates moving forward.

What is Demonstrated Listening?

Ever talk to people and know they aren't really *listening?* They're just nodding along in agreement but not really responding. Companies do this all the time by running surveys and not acting on the feedback. Demonstrate listening by following up with all customers invited in each survey and letting them know their time and voice are valuable. Even if you cannot implement their input immediately, a simple email announcing new changes and a "thank you" will pay dividends.

You may be thinking, "I don't have time for this." But you do, because **it's not about adding to or changing the work you do, just about putting it in a different order**. The traditional way companies launch a product is that they come up with an idea, develop it, test the product, ship it, learn from customer feedback/reviews/sales revenue, and then iterate. By asking customers for information on the functionality and features of the product well before you ship it, you can save (a lot of) money and learn vital insights to make adjustments. In essence, you *need* time for this; otherwise, you are simply on a treadmill going nowhere.

Create a *success spiral* by defining what success would look like for your customer during the ideation process. Seek validation from several customers to understand whether you are on the right track. Understand the challenges they face and how this "solution" makes lfe better for them. *Then* start developing the solution. By this point, you have only cost the company a little time at a fraction of the cost it would otherwise take to quickly build and test something. Plus, you have evidence needed to support *why* management should spend more time and money to develop the idea. Collecting the right feedback from customers who represent your business at each phase of solution development is the smartest, most efficient method out there—we're not calling it a "success spiral" for nothing. It's not just about running surveys, either. Conduct site visits where customers can use your product and collect insights in real time. Testimonials for marketing prior to launch can provide fodder for press communications. Discuss business uses of your product with industry analysts to get a pulse on the nature of your product niche. From there, you can test the functionality, learn and iterate before shipping, and watch sales soar because the product is on point with what customers need.

To Sum It Up

Take the 2010 San Francisco Giants for our last "Why customer success?" example. When the baseball season began, no one thought this team would go very far, let alone win the World Series that year, and yet they did. The team comprised what many sports analysts and gurus would call "misfits" that made up a "motley crew."[vii] And despite the fact that there were many no-name rookies (Buster Posey, Andres Torres), older "seasoned" veterans (Edgar Renteria, Aaron Rowand) and others who had been picked up or traded mid-season—one from a rival team!—(Freddy Sanchez, Cody Ross, Pat Burrell) they managed to come together with a common goal of winning. Then you have a player like Barry Bonds who holds the career record for most homeruns, broke the record for most homeruns in a season in 2001, and won copious other awards throughout his 22-season career—but he never won a World Series. Sure, he was great, but he clearly was so focused on being the most decorated baseball player in history that he seemingly sacrificed the team's success. While he was making plays and scoring runs, his team—also the San Francisco Giants for the majority of his professional career—only made it to the championship series once, in 2002. (And lost to Anaheim.) Eight years later, this team, who actually functioned and worked together as one, succeeded in clinching the franchise's first ring. How did it happen?

In the seventh inning of Game 6 in the World Series, the score was 0-0 with one out and one runner on first base. The next batter up was the Giants' power hitter Aubrey Huff. The strategic move would be to bunt the ball, fool the outfielders and get another man on base. But no one thought he would bunt because "Aubrey Huff hasn't bunted for a sacrifice in nine years."[viii] But what does he do to win? He bunts. The next batter strikes out, but that's OK because there are still only two outs. Next up at bat is Edgar Renteria—the previously mentioned "seasoned" (*read: old*) veteran whom no one thinks can possibly hit a home run—and he steps up to bat and does the unthinkable. He sails that ball over the fence. And the Giants end up winning after three more gut-wrenching innings. Thanks to a team-oriented mentality, this underdog team rose to the top. Customer Success is the same way. It's not about one person's goals or ideas of what they think will work. Aubrey Huff could have tried for his 27th homerun that season to score two runs.[ix] Instead, he chose to bunt and helped the team score three runs instead of two because that was the right thing to do to win.

How many "Barry Bonds" Hall-of-Fame types are out there? Not many. So you shouldn't try to be one either. Instead, join a team, be a part of the team. Stop swinging for the fences, and do what the team needs just like with that amazing sacrifice bunt from Aubrey Huff—then everyone wins. As great a player as he was, Bonds would never have done that … and this may be why his team didn't win more often even though his personal stats indicate otherwise.

Now it’s your turn …

- *How do you define Customer Success within your company?*
- *What metrics do you currently use at work to measure your value creation?*
- *How can those metrics be changed to illustrate Customer Success?*

Chapter 2: Telling a Financial Story

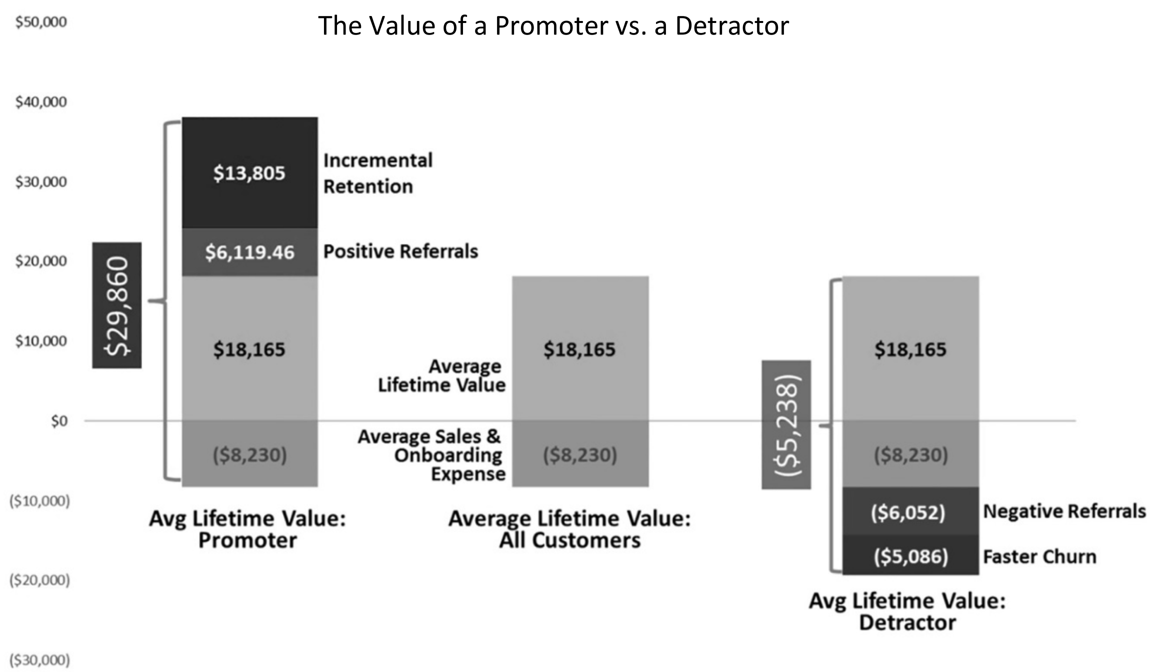
In this chapter you will learn to …

- Understand the components of value for a happy customer compared to an unhappy one
- Identify how your company is positioned for growth through the Four V's
- Define your company's true value proposition

In Chapter 1, we discussed the "what" of customer success (CS), with definitions and an outline of an effective approach. This chapter will focus on "Why?" The most compelling reason for implementing a CS program in your B2B firm is the financial benefits that come as a result. You know you need to create value in the work you do, and this methodology will be a way to demonstrate that. Every CEO and executive you speak with will ask you the same essential question: "Where is the ROI?"

If you can only do one thing, tell the financial story for CS and show management Figure 2.1 below. This graph shows the breakdown of one company's **Lifetime Value (LTV)** for customers, inclusive of the revenue earned and lost in referrals. Four portfolios for customers ranging from happy to unhappy and the disengaged are labeled using the Net Promoter® methodology. In case you're not familiar with the Net Promoter System (NPS), check out the Appendix in the back of this book for definitions of each customer category. Introduced in the book *The Ultimate Question*, NPS is based on the statistical significance of the Recommend question. [x](“How likely are you to recommend [Company Name] to a friend or colleague?") But for now, just know that happy customers are labeled below with the word-of-mouth mindset that they are "Promoters," while dissatisfied customers are "Detractors." "Passives" are neutral customers and "Non-Responders" are those who didn't bother to tell you how they feel, which is particularly worrisome in-and-of-itself.

Figure 2.1



By using the techniques and tactics described in this book, you will be able to break down all your customer accounts in this way. Your customer's LTV is a foundational financial figure that you should understand in order to assess business health. This calculation need not be complex (and in general, the simpler the better): The easiest way to define "value" may be by establishing the amount of revenue you typically receive from one customer throughout its tenure. Ask your finance department or sales team if they already have this result, or acquire the data and calculate the average value:

1. From the list of customers, put customers into groups corresponding to the way the company goes to market. For example, most B2B companies "tier" customers with the largest, most strategic accounts in "Tier 1" with a dedicated account team that supports the customer, while smaller customers may be working through partners or self-service. Establish those segments to be able to look at LTV in the most appropriate way.

2. Calculate an average spend for all customers in that group. How much money has the customer spent with your company, on average, for the segments that matter most to your firm?

3. You might be able to stop there—just knowing the average revenue for each segment may be sufficient to get started. You could go one step further by estimating the costs to serve each customer. Calculate the total budget for the segments that matter most and divide the result by the number of customers in that segment. For example, if your Tier 1 customers have dedicated account teams, divide the amount of Sales, General, and Administrative (SG&A) expense for Tier 1 teams by the number of customers to create an approximation of profit.

This is the first step toward driving improvement. If LTV is below what it costs to onboard and service new customers, you know you need to fix whatever issues may be causing people to churn quickly. Going through the steps in this book will help you understand *what you need to do* in order to achieve that. Even if you have a high LTV, there must be a portion of the business that is not as "sticky" as others—and the steps in this book will get you to identify why specific things are working for some and not others.

After you've established an LTV, you can overlay the amount of money a customer referred in new business. It's not enough just to look at how much revenue a customer brings in because they may also be contributing by referring new business or upgrading throughout their tenure. Conversely, how much revenue has been lost in negative reviews? And, how do those numbers stack against one another? It's okay to make some assumptions here. In our research, we find it's not uncommon in the B2B world for a customer to have approximately five opportunities each year to mention the vendors they love. The same is true on the "dark side"—unhappy customers might easily have five opportunities to share negative experiences. Of course, social media allows for more of these instances to occur, but that's a whole other topic.

You can assume that a certain number of positive discussions will be required to outweigh any negatives, and you can also obtain your company's real-world lead-to-customer conversion rates to complete the equation. This element is trickier to measure because you can't possibly have eyes and ears on all your customer's conversations. If you are using Net Promoter® to identify the health of your accounts, you could use those severely negative answers (0 to 2 on a scale of 10) to conclude that those who rate your company low are likely badmouthing you to friends and colleagues. Certainly when asked for a recommendation, your company is not going to get high praise. Make the LTV calculation exercise as straightforward as possible and document your assumptions so that you can discuss the opportunity with your colleagues as openly as possible (given the confidentiality of much of this data).

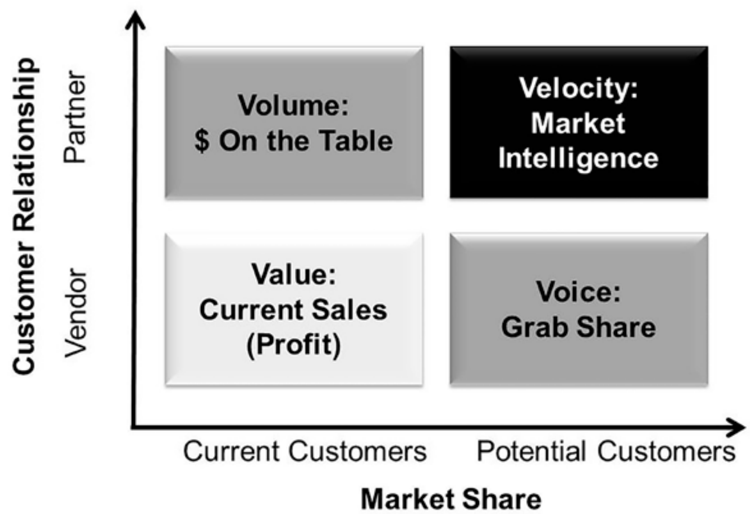
In the above example, we found the LTV of a customer to be $18,165 per month as calculated by the overall spend divided by the average tenure of an account. Accounts that were found to provide referrals and promote the business earned the company an extra $6,000+ per month. They also tended to stay with the company longer, resulting in an extra $13,805 per month. On the flip side, Detractors—low-scoring and "silent" accounts unwilling to provide feedback—were costing the company more than $6,000 in negative referrals and terminating contracts faster, resulting in an extra $5,000 loss per month. This loss is in addition of the cost to onboard new clients, which is about $8,000. The unfortunate reality in this real-world example is that Detractors not only cost the company money: they actually drove a *net loss*. We always hear how retaining current customers costs less than attracting new ones, and this is a perfect example of how that happens.

Of course, there are key differences between sales and profit. What's the difference, exactly? The difference is simply short- or long-term thinking. Generating *sales* is simply the short-term mentality of meeting sales targets for the month, achieving metrics to meet a sales quota for the time being. On the other hand, we generally find that unhappy customers cost much more to serve. If they aren't happy, they are more likely to call your support line, demand discounts, and take longer in sales cycles. You could honestly evaluate whether your product or service is the best fit (that is, whether you are driving (CS) for the customer in order to maintain a long-term relationship that will pay off with *profit*. You would then be fostering CS and creating a loyal following of customers willing to put their reputation on the line to recommend you. In the end, profit is a more powerful metric that you can hang your hat on during the all-hands meeting, don't you agree?

Connect Four! ... V's

In order to tell a financial story, you need to take the critical step in profitable success of connecting your delivery with business outcomes. As you'll learn in the following chapter, "The Success Equation," you need to meet or exceed customers' expectations to have a positive experience. In order to accelerate profit, evaluate how your company currently positions itself within a framework we like to call the "Four V's." Your customer relationships should be hitting at least two of these V's in order to see benefit from CS and grab market share, which leads to higher rates of growth and efficient spend.

Figure 2.2



Your company can grow revenue in four ways:

Value – This is the current money that customers are spending with your firm. You can measure spend per account per tier and establish an average value per customer.

Volume – Help one part of the customer account be successful and you will create advocates. Those advocates will happily introduce your firm to others—colleagues inside their corporation that might benefit from your offerings, or even people within their personal network. Getting more sales opportunities—added Volume—will certainly accelerate growth.

Voice **–** As we'll explore throughout this book, you can learn a lot from your customers. What are time-consuming, low-value activities that might be ripe for automation or outsourcing? What do other vendors do that customers wish your firm would do? Having these insights not only provides competitive insight, but should lead to tangential offerings that can accelerate your company's growth.

Velocity **–** By helping your customers achieve greater success with your products and services, your firm achieves "preferred" status, no longer requiring lengthy RFPs or drawn-out buying cycles. Your firm will see more sales opportunities in shorter time periods.

Here's an example of the Four V's in action: We recently had the opportunity to work with a global energy services firm that wanted to improve the strength of the relationships with their strategic customer accounts in pursuit of expeditious growth. There was a strong sense from the executive team that they might be leaving money on the table, especially since there was considerable competition *inside* most of their accounts (when a customer would buy similar products from different suppliers). We worked with our client to analyze existing financial data and found that many customers in this segment were spending far less than average, with longer sales cycles, multiple discounts, and with less frequency of orders.

Armed with this insight of Value, we interviewed the company's customers to find out where and why there were gaps in our client's ability to meet expectations. Delivering that insight to the account teams, we collaborated on appropriate solutions that subsequently turned around these accounts. With both work-arounds and permanent fixes in place, the sales team now found that various accounts were willing to discuss add-on opportunities. There were many departments within the account that weren't buying from our client that now opened up due to warm introductions from the current set of contacts ("Voice"). The customer was willing to purchase best practice advisory services from our client in addition to becoming their preferred supplier (incremental Value). Plus, they shared new expansion opportunities that turned into ancillary offerings that generated new revenue from a differentiated offering (resulting in fast speed-of-business, Velocity). Not gonna lie, all this took time—approximately two years in this case—but the commitment to the long term paid off with profit.

For this client, we also found that many of their customers that appeared to be "healthy"—large number of orders with simpler sales cycles—were only active within one part of the corporation. Interviews with those customers led us to discover happy, successful customers that were more than willing to make introductions to their colleagues in other divisions (Voice). All we had to do was ask.

What Business Are You Really In?

The other foundational concept to telling a financial story for customer success is to answer this seemingly simple question: What business are you really in? If your company has been around for some time, your offerings and positioning may have changed over the years. You may not be in exactly the same "business" you were when you opened up shop. Or, you may be in one business but looking to migrate into another. This reflection exercise may actually lead to a defining moment for management and marketing to be able to define what CS would really mean for your business.

For example, let's take something as simple as FedEx. What business are they really in? Shipping, duh. But is FedEx simply in the business of delivering parcels, or are they in the business of connecting integral communications and products to people worldwide? If they choose to define their business as the latter, then the quality of trustworthy service has stronger implications. Defining their business with the words “connecting people worldwide” adds new meaning and value for the items they deliver and imputes real-life ramifications if something is lost or delayed. Businesses often ship critical product components through FedEx. If packages are not delivered on time (or at all!), it will have a profound effect on that business’s ability to accomplish the things it needs to and will blemish their opinion of FedEx. Late packages will almost certainly instigate choosing a competitor the next time. Of course, the ability to track packages has become a prominent feature in shipping, but is that a reflection of customer needs, or is it damage control for FedEx? Either way, executives at FedEx at one point may have asked themselves, “What business are we really in?” and decided that for the companies they serve, it’s about making the shipping process easier and faster without having to leave the office. As a result, FedEx provides many services tailored to corporate accounts with bulk rates, daily office package pickup, mail room label printers, and a plethora of boxes and envelopes to help companies ship packages more conveniently. For many companies, leaving the office to ship a package to a client is a thing of the past.

How does your company provide its own metaphorical online tracking for customers? In other words, do you have a backup system in place to ensure your delivery is at least being monitored? You can’t expect your customers to find what they need themselves; you have to develop some system that helps them get what they purchased and manage the delivery process, regardless of what solution is being delivered by your firm.

The point is—and we’ll explore this further in our next chapter—that you need to know what problems you are really solving for customers. In FedEx’s case, they aren’t just shipping; they’ve positioned themselves as the provider for “when it absolutely, positively has to be there overnight” (and then some). They’ve set expectations and subsequently provide tools to meet and manage those expectations. Let’s dive into this more deeply in Chapter 3.

Now it’s your turn…

- *Do you have an estimate of the current average lifetime value of your customers by go-to-market group? Calculate it now.*
- *If you’ve done any customer surveys, roughly how many customers could be providing positive references and referrals? How much potential revenue is a result of positive referrals? Negative referrals?*
- *Which of the Four V’s does your company currently enable?*
- *Which of the Four V’s could your company strive for?*
- *What solutions does your company really provide customers? (What business are you really in?)*

Chapter 3: The Success Equation

In this chapter you will learn to …

- Evaluate customer success
- Understand each component of the Customer Success Equation
    - Recognizing customer needs
    - Managing expectations
    - Evaluating delivery
- Attribute success to business outcomes with the Four V’s

$$\textbf{Customer Success} = \text{Understand Customer Needs} * \underbrace{\text{Customer Experience}}_{\displaystyle \frac{\text{Delivery}}{\text{Expectations}}}$$

If B2B customer success (CS) were easy, every company would already be doing it, and you wouldn’t need this book. There are a ton of variables to consider, and making sense of it with no real knowledge of all the components is a waste of time. In our experience in working with B2B companies over the years, we’ve found that key elements need to come together in order for the relationship to be truly successful. The Success Equation is a combination of Understanding Customer Needs multiplied by the Customer Experience.

Customers obviously have varying needs, and B2B is no different. Being able to understand the needs of your customers and provide a solution to a problem is critical to success. Given that, we’ve expressed the Customer Experience, as a balance between your customer’s

Expectations and the Delivery of your product or service: managing expectations to be properly aligned with the delivery of your product is the key to a positive experience.

There may not be an exact way to determine a number for your customer's expectations or your company's understanding of needs. This equation is not intended to serve a literal mathematical purpose. We simply want you to understand the principles that formulate customer success and the way these fundamental principles interact with each other to strategically construct your own CS program. Just like any Customer Satisfaction Score, Net Promoter Score (NPS), Customer Loyalty Index (CLI), or other customer-sentiment (feedback) measurement system you've used in the past, it's not about the number, but about the insights that come out of it. Our focus in this chapter will be to explain how this equation and its concepts will help you solve for CS and how applying the highest values for each part of your job will accelerate profitable growth. But first, let's think about some primary principles.

What is our definition of "success"? Quite literally, it's accomplishing one's goals. In B2B, "customer success" has more inherent implications, but at the end of the day, it's the customer's ability to accomplish his or her tasks with ease and perhaps delight. The hard part is to actually understand what your customer's goals are, set the right expectations, and incorporate them into your business plans and offerings. When your customer's goals are reached, your own goals can be accomplished. How do you know what their goals are? By following the HEAR process we introduced in Chapter 1 (and will further explain in Section 2) with direct customer conversations.

So who is the B2B customer anyway? Unfortunately it's complex—a "customer" in a B2B business is typically a group of people, not a single person. Because a buying syndicate usually weighs in on a purchase decision, there are often delays in the decision process; each person in the group may have differing agendas and problems that need to be solved. Understanding the customer's collective needs through consultative selling will help make the transition easier from the buying syndicate to the end users. Become a trusted advisor with a team of salespeople who care more about the *fit* of the customer with your company and whether the experience will be a positive one.

The buying syndicate can also cause trouble with the delivery of your product as contacts change and expectations shift. The buying syndicate is made up of Decision Makers (often, executives) who approve software purchases and the like, but they are usually not interacting with your company's products and services. Others may be facilitating the sales process, as well, influencing which vendor to choose and deciding which level of service is required—we call them Influencers (shocker!). Influencers can take on many roles, sometimes overlapping with contacts that will use the product, but it's entirely dependent on the situation.

So, Sales interacts with the buying syndicate and Implementation interacts with project managers, end users, and so forth. These are often very different groups of contacts. And yet, most companies treat all contacts within the account as the same "customer," even though the two groups are often pretty far removed from one another. It may *feel* like there is an established relationship between company and customer because sales conversations have occurred for weeks, or maybe months. But because there are so many contacts in disparate groups, there is often no relationship specifically with *end users,* in the early sales stages of acquisition. Without the proper onboarding and expectation setting, the relationship can take a sharp turn if not thoughtfully maintained. End users are the people actually using your product; they need to be as important as the Decision Maker you signed a contract with. Everyone's opinion matters—you never know who one day will become a Decision Maker, or how the Decision Makers listen to those end users! You're essentially passing the baton from one department or contact to another, so understanding the needs of each group and monitoring the transition between touchpoints is critical in keeping customer expectations and delivery up to par.

Now that we know we need to manage the expectations and needs of varying roles and have thought about some fundamentals of B2B dynamics, let's think about how CS can be measured in typical scenarios.

Calculating Customer Success

$$\text{Customer Success} = \textbf{Understand Customer Needs} * \underset{\displaystyle \frac{\text{Delivery}}{\text{Expectations}}}{\underset{||}{\text{Customer Experience}}}$$

Ok, so the first part of this equation—"Ability to understand customer needs"—is a doozy. As we discussed briefly in Chapter 1, one reason the most successful companies get to that level is because of their ability to understand and articulate customer needs. In a 2012 study conducted by the Product Development and Management Association (PDMA), 453 companies were analyzed to determine how the most successful companies, a.k.a. "The Best," performed with product development in comparison to "The Rest."[xi] These labels were given based on performance variables like 1) whether the company ranked in the *top third of their industry* for new product design (NPD) success, 2) performed above the mean for their new product *program success*, and 3) performed above the mean for *sales and profit* in NPD.[xii]

One major differentiator for The Best companies is they are skilled in utilizing VoC methods to help drive product innovation and better understand their customer. According to this study, The Best companies used VoC to help drive market research about 65 percent of the time, while The Rest only used this tool 45 percent of the time. The Best companies are also able to articulate existing customer needs 80 percent of the time, while The Rest can only do that 62 percent of the time.

The reality is that B2B customers exist purely to have their problems solved and their work made easier and more productive. B2B success can't simply be measured in terms of units sold of a shiny new object like many B2C companies can do. B2B products and services are purchased in order to increase efficiency or reduce cycle time and cost, among other practical implementations to make work more profitable. For example, the popular customer relationship management (CRM) company Salesforce didn't become a major success because people were already efficient at keeping track of customers and easily sharing information across the organization. This need was clearly a pain point for people working in our increasingly globalized society. Salesforce helps businesses keep track of sales leads, marketing campaigns, customer sentiment, finances, inventory—the possibilities continue to grow with newly introduced partner applications. When a company purchases this kind of CRM, it is expecting the software not only to function as it should, but also to solve at least one problem and deliver a return for its investment. Then the software can be judged a success. Let's say you wanted to set an alert for when inventory gets too low in a store. If Salesforce doesn't have that capability, but it *is* tracking all of your stock, which facility it is stored in, which accounts are purchasing each item, and so on, then your problem still exists if there is no alert function. Now you've spent a ton of money on something, but you still need to find a solution or at least a work-around to be alerted when inventory falls below a certain point.

In the example in Chapter 1, AcmeSurvey missed the first part of this equation by failing to understand how Customer Z wanted to use its product. Sure, ease of CRM integration is a need for B2B companies using this product to deploy surveys, but the design and execution of the survey is also critical. Since surveys can be used in many different ways (relationship measurement, transactional or Support evaluation, market research, and so on), it is imperative that AcmeSurvey build out use cases and develop the best way for customers to efficiently collect data that will apply to many different parts of the business. And the only way to do that is to understand customer needs. If you don't know, ask! It's that simple.

AcmeSurvey's Sales team should have recognized that Customer Z not only has a specific need for a 360-degree view of its customers, but needed to understand how it specifically intends to do that with relationship surveys. If AcmeSurvey will not be able to solve the intended problem, then this customer is not a good fit. Or, maybe the company discovers that this is a need common to other customers and should be added to the product roadmap. If your company expects results, and the B2B partner you're working with expects results, things should be happening, right? A customer has a need and a vendor must have the expertise to address said need. Theoretically, it's a match made in heaven and serves as the other reason B2B companies exist; they (supposedly) have the skills and tools to help you solve a problem effectively.

Here's a simple example: Let's say you need office furniture for a conference room. You could go to Office Depot yourself and buy a few things, load the car and bring the items to the office, assemble them yourself, and spend a good chunk of the day on activities other than work. Or, you could save time by ordering from a company that specializes in corporate furniture to deliver the order to your office already assembled. Should you need furniture for an entire office, there are wholesale companies who can give you a discounted volume rate *and* deliver the assembled products. These companies provide faster, easier service tailored for businesses, because you have better things to do than put together a desk. If that’s what you’re looking for, then you probably have a good match. If you’re looking for the lowest possible price and believe you can save money with self-assembly, then full-service solutions aren’t for you. Both solutions are the same at the end of the day: selling furniture. But both can tailor the solution that’s specific to your needs to set you up for success. And clearly understanding and managing customer expectations is the kind of business model that will thrive.

Great Expectations

$$\text{Customer Success} = \text{Understand Customer Needs} * \text{Customer Experience}$$

$$||$$

$$\frac{\text{Delivery}}{\textbf{Expectations}}$$

Customer Experience is the second part of this equation, and, obviously, since more than one thing contributes to an experience, we’ve broken this part of the equation down into the Delivery of your product or service divided by the Customer Expectations. The key to success is in the *balance* of managing both expectations and delivery. You can set a high bar for expectations and depending on your company’s ability to execute in Delivery, Customer Experience can help or hinder CS. In some ways, this can allow for low expectation-setting to work in your advantage. But what company bases sales pitches on setting low expectations? Exceeding expectations is what leads to customer delight, and it all depends on great delivery.

If you can understand your customer needs but cannot properly set a level of reasonable expectations, that’s when surprises occur. Haven’t you heard friends say, “I hate surprises”? In business, this is especially true. Surprises in the workplace usually mean that something has been derailed. Imagine that you purchased office furniture thinking it will be assembled when it arrives, but surprise! It’s still in the box and the instructions are barely legible and only consist of tiny pictures. Your expectations for furniture delivery were not nearly met. Now you have to put important work on hold and tend to this task in order to have a desk today. Educating buyers up front on what to expect in terms of business results will lead to everyone’s success. The more a customer is successful as a result of doing business with you, the more loyal that customer will become, telling people about your amazing company and creating the success spiral that will positively impact your bottom line.

Some companies just throw their product over the wall and expect their customers to figure out the rest.

Grenade!

It’s bound to blow up in your face. Your customers will feel ambushed. And they very well may leave you because of it. Surprises that take away from being productive need to be eliminated. Wouldn’t it be nice if before you purchased your office furniture, the product description included all the necessary information needed for assembly?

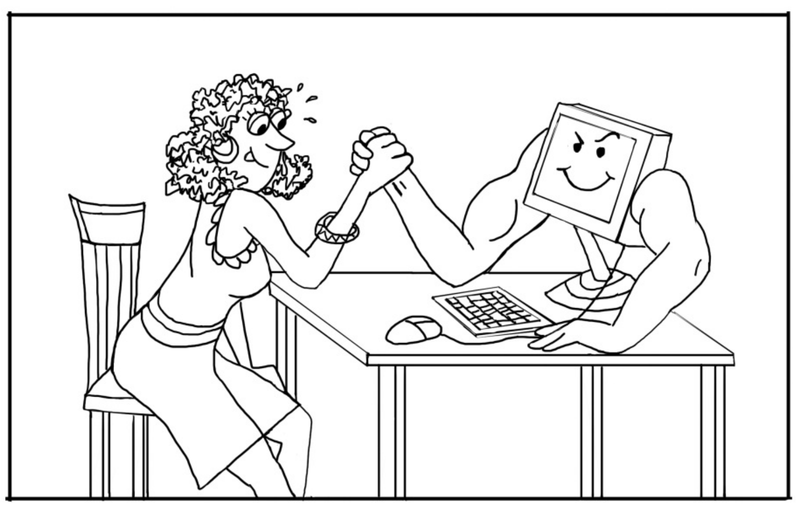
Choice 1: This chair requires assembly.

Choice 2: This chair requires 30 minutes of assembly time and tools including a Phillips screwdriver and a hammer. Must be able to lift 30 pounds.

Choice 3: This chair comes with assembly services for $20 dollars more and white-glove delivery to your office.

The description in Choice 1 is the norm: it gives no real information about what kind of tools will be needed, but at least you know it won't arrive assembled. Your expectations would be about a 50. Choice 2's description almost never happens so explicitly, but if you were a customer in this situation, wouldn't you feel much better about what to expect? Thirty-pound weight-lifting ability in Choice 2? For a chair? Well in that case, wouldn't you be much better equipped to know that requirement before you order it for an elderly or disabled person? The expectation level in this case would be about 100. Choice 3's description simply gives you the option to avoid assembly all together for a small fee. What does "white glove" chair delivery service look like? I don't know, but it would set your expectations above 100 percent, I bet.

Sometimes you do get lucky and customers do figure it out on their own. I honestly don't think most CRM systems, with all their functions, are fully understood by the majority of customers who are left to figure it out on their own.



You just sit there, clicking away, Undo, Undo, search for a how-to video, fighting the computer like our friend Sally over there, until you get the results you need. Or your customer will simply resort to asking the office Software Guru, a colleague in the next cubicle, who now has to manage his own job in addition to troubleshooting "how to" queries from peers. In some cases, the switching costs are so high and the implications of switching providers or systems are often too big to fathom, so customers just spend the time trying to figure out solutions and work-arounds.

The other outcome is that the customer contacts Support, which ends up costing your company *more* money because Support is essentially re-doing the work in service recovery mode. Investing in a more proactive approach to CS is far more profitable than always reacting to Support queries. A reactive approach can easily end up in a "pay me double later" situation as Support works out your issues one at a time—not the best practice, as I'm sure you can agree. If your Support center needs better training, is outsourced, or is not available 24/7 and is therefore potentially unable to help solve the issue in real time, then you could be inevitably creating an unhappy customer. There is nothing worse than waiting for a resolution, especially if it holds work hostage. In this case, manage expectations by letting customers know when to expect a follow-up, or guide them to a self-help forum where you've already answered their potential question. Host video tutorials and how-to guides to troubleshoot on the spot without having to loop in a support team member. And don't forget to communicate that this material is there to use when

What is a "work-around"?

A work-around is a temporary solution that acts as a placeholder to do essentially what you need to do but will likely take a few extra steps to get there. Work-arounds are suitable alternatives while larger issues are addressed, but they should not be considered solutions. Work-arounds are expensive, both for you and for your customer. While work-arounds allow customers to "work around" the problem you are trying to solve, there must also be an internal focus to handle the problem succinctly in the long term. It can be a good tactic for communicating that customer needs are being addressed and that this temporary resource is available in the meantime.

they get stuck. If you have all this information handy, but they don’t know about it and waste time trying to reach a Support person, it will be all the more infuriating.

Expectations are set and managed by so many different parts of the business that it can be impossible to know how and where customers accrued the initial perception of your company. The best thing you can do is to ask your customers outright. This likely won’t happen with one survey question but is more likely to happen in the *follow-up conversations* you will have with your happiest and unhappiest contacts. We’ll detail how and when to have these conversations in Chapter 5, but for the record, VoC is a great tool for both resetting current customer expectations and properly managing how prospects view your company.

Delivery

$$\text{Customer Success} = \text{Understand Customer Needs} * \text{Customer Experience}$$

$$||$$

$$\frac{\textbf{Delivery}}{\text{Expectations}}$$

The numerator (I know, I promised not to be math-y—the top of the fraction) of our equation to calculate Customer Experience is also a critical component: delivering on your promises to meet (and hopefully exceed!) expectations. Think about delivery in terms of a relay race. You have to successfully pass the baton among many different departments, including Product Development and Engineering, in order to create an offering that has the right capabilities and addresses the needs of the customer (which you will know, thanks to VoC). Then the baton travels to Marketing for the right messaging that will resonate with customers; to Sales, which will close the deal; and then to Client Services, which will service the account on a day-to-day basis. Support will then need to understand how to solve problems that the customer may encounter, so proper communication and hand-off from various departments is critical. A real-world workplace is often much more complicated and may not follow a linear path, but the team that passes the baton from each runner efficiently and effectively to the next is the winner. In track and field, there is a science to the timing when the incoming runner begins accelerating in order to time the hand-off perfectly in the exchange zone. Olympic teams will practice this critical element for hours upon hours in order to have a chance at medaling.

Internal business communication should be no different. Our everyday exchanges in meetings and emails serve as the hours of practice needed to get it right. And yet, it's still so difficult to break the silos. There is a lot that the Sales team will learn during the sales process, which, sadly, hardly ever leaves its collective brain once the ink has dried. Client Services may ask redundant questions during implementation that will inevitably rub customers the wrong way. People don't like to repeat themselves over and over, especially during a Support call when transferred from one person to another. Delivery happens every day from sign on to reporting to Support tickets. Smooth transitions between each department or unit contribute to CS.

CRM systems can help make this transition smoother, filling Notes sections with customer information and previous exchanges. However, the lengthier the notes section, the harder it may be to read inconspicuously while on the phone with someone. Identifying a process that will work to bridge the gap between departments during implementation and throughout the whole customer journey will go a long way in building loyalty.

Marketers love to tout the need for personalized service in order to compete in B2C environments, and it really is no different in a B2B setting. Ensuring the customer feels like a valued friend whom you've known for years, rather than an insignificant account number, will propel a business that knows how to create long-lasting customers. Also, expectations come into play here—if your competitors offer personalized experiences but you do not, your customers will notice. Looking at our Customer Z example from Chapter 1, AcmeSurvey should offer specific training, based on the customer's use case, during onboarding. What a great opportunity for a "wow" moment if the delivery team showed up with the knowledge they need to jumpstart the training and didn't need to backtrack to find out the information! This would not only show they understand their customer's needs but can deliver on the promise as well. Proper delivery can make or break customer experience, especially when expectations are set high—and they often are; remember, they hired you to solve a problem.

"Although Math can't teach us how to add love or minus hate, it teaches us that every problem has a solution"

– *Anonymous*

Now that we have broken down the components for each part of our CS equation, let's examine the calculations for two very different B2B companies.

$$\textbf{Customer Success} = \text{Understand Customer Needs} * \text{Customer Experience}$$

$$||$$

$$\frac{\text{Delivery}}{\text{Expectations}}$$

Understand Customer Needs

Example 1: You work in a promising Software-as-a-Service (SaaS) startup called Fakeblock and need office furniture since your company has grown recently. You ordered from SpeedyChair, an enterprise furniture delivery service, because it specializes in office deliveries at no extra charge, which is great because you have few funds to spare. While they do offer the convenience of delivering pre-assembled furniture to your office, they cannot give a precise delivery date and have only provided a window for delivery. You could receive it on a Saturday for all you know—when no one is there.

Understand Needs Score: 50. While this furniture company does understand that the office needs pre-assembled furniture for no fee, the lack of delivery-time selection is disappointing, and the company clearly does not understand the necessity for a positive customer experience. In today's world of free two-day shipping with Amazon Prime, they need to know that Saturday is unacceptable for business delivery.

<u>**Example 2**</u>**:** You own a historic restaurant called Tony's and need to update all the furniture in your dining room. All deliveries need to happen before 11 AM lunch service, otherwise they will be refused and will need to happen the following morning. The furniture company Deliver N Dash knows this fact and promises to deliver between 7 and 9 AM to give time for setup at 10 AM. They also know that many restaurant managers are often not on location at that time, so they have set up a text system to notify the restaurant manager of the delivery. All communication regarding delivery can made be via mobile notifications.

Understand Needs Score: 100. Not only will this pre-assembled furniture save time for the restaurant manager so she can focus on the real tasks at hand, but the restaurant is guaranteed to receive the furniture before lunch service begins, and the delivery service includes a notification for peace of mind. Drawing on knowledge of previous restaurant deliveries, Deliver N Dash offers peace of mind with mobile alerts knowing that the manager will not be on duty during the delivery.

Expectations

Example 1 (Fakeblock): Because SpeedyChair offered a window of dates for delivery instead of an exact day and time, your expectations have been lowered significantly. However, your expectations also include the basic assumptions that the furniture is indeed pre-assembled and that the delivery driver would physically bring the furniture into the office for you. The delivery is free but you can at least expect *that* courtesy.

Expectation Score: 50.

Example 2 (Tony's Restaurant): Not only do you expect to get your delivery on time, but now you also expect to be texted once the delivery has arrived. There are also implicit expectations that are inherent to the mix. For instance, you probably expect the delivery person to be professional, wear the proper uniform, bring the right paperwork, and be respectful of others in the office. You also expect the price to be the same as quoted with no hidden fees. Pretty basic stuff, but it counts.

Expectation Score: 110. You have communicated your requirements to this furniture company, including a hard deadline for delivery. They have clearly done business with other restaurants and have added to those expectations by including the mobile delivery notification.

This would be a time when expectations go above 100. Dangerous, but not uncommon in the B2B space.

Delivery

Example 1 (Fakeblock): When the delivery person arrives, not only is he professional, courteous, and on time, but he also breaks down all the boxes and takes away all the trash associated with the delivery. Now you can truly get to work quicker instead of having to clean up.

Delivery Score: 100. The delivery team went above and beyond your expectations to make sure your experience was easy and memorable. While that wouldn't necessarily inflate your delivery score over 100 because the delivery arrival wasn't pre-announced, it did happen during work hours. And the box clean-up does enhance the score for the company's ability to understand your needs for a clear work space, which will likely raise your expectations for any future deliveries. This is a key item to note—not only are your expectations set by the company communications and exchanges, but your previous experiences often get factored into the perception for what to expect with the delivery. Now that SpeedyChair has cleaned up the work space, Fakeblock will do one of two things: 1) Expect that to happen with other delivery services in the future, and 2) Hire SpeedyChair again because they appreciated this unique service offering.

Example B (Tony's Restaurant): To the manager's dismay, the delivery driver did not text or call during the allotted delivery window. And to boot, when the restaurant manager arrived at work at 10:30 AM with no new dining room furniture, she had to call a 1-800 service number and wait on hold to hear the excuse and schedule a new time. Had there been mobile notifications ahead of time to at least *manage* ongoing expectations, perhaps the experience could have been salvaged. Transparency is always better than going dark.

Delivery Score: 0. This is the worst-case scenario—not only were expectations elevated, but this failure to notify Tony's about the delayed shipment *and* physically deliver nulls the entire CS effort. Only after the shipment is delivered can Tony's Restaurant begin to feel successful, but unless something is done to alleviate discontent (like a credit or refund), the impression left on this customer is not a positive one.

Mathematically, it is much better to over-deliver and exceed expectations for customer *delight*. Repeat experiences will of course cause both expectations and needs to fluctuate from one interaction or transaction to the next, so it is best to *match* expectations and delivery for a solid experience. Finding the balance between expectations and the actual delivery of the product is the ideal practice.

Add it Up

Fakeblock: Understand needs (50) * [Delivery (100) / Expectations (50)] =100.

But since SpeedyDesk further understood Fakeblock's need for a clear work space, their post-implementation CS score would increase to, say, 75 and the total score would be 150.

Tony's Restaurant: Understand needs (100) * [Delivery (0) / Expectations (110)] = 0.

Had Deliver N Dash managed the customer experience using the mobile texting technology, the experience would have been exponentially higher. For example, Deliver N Dash furniture store ships from the Northeast, which has had an active winter season, reaching all-time record low temperatures with snowstorms this year. Thus, icy road conditions are delaying deliveries by 48 hours. To communicate this circumstance, the website and order forms need to have an added alert message about current slower-than-usual delivery times. Most importantly, all customers with orders set to arrive in the next week need to be notified through their mobile and email accounts. Unless a hard deadline has been set—for example, Tony's Restaurant is having a re-opening party and *needs* the furniture by a certain date—then a slightly delayed delivery due to unforeseen and uncontrollable factors—when properly communicated—can be managed.

Had this been the case, the CS evaluation could have been more aligned:

<u>Tony's Restaurant:</u> <u>Understand needs (100) * [Delivery (100) / Expectations (100)] = 100.</u>

<u>Scale for Customer Success:</u>

Although there is no magic number or scale for this Success Equation, if a score is under 100 then you're falling short, while above 100 shows your company is likely delivering "wow" experiences. Understand the *dynamics* of how your customer experience and fulfillment of needs contributes to your customer success and you will go far.

Now it's your turn …

- *Can you articulate your customer's needs? And how do you know what they need? What evidence do you have to support your claim?*

- *What problems are you trying to solve for customers?*

- *How does your company set expectations? How high are your customer's expectations in doing business with you? Why? What evidence do you have for that?*

- *Evaluate your company's delivery system. Are you meeting expectations? What evidence do you have to support your claim?*

- *How can your company improve each area:*

    - *Ability to understand customer needs*

    - *Setting and/or maintaining customer expectations*

    - *Delivery of products and/or services*

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