NPS is So 2010…
A Modern, Scalable Approach to Measure and Improve B2B Customer Sentiment to Accelerate Growth in NRR

A Waypoint Group Whitepaper
http://www.waypointgroup.ORG/TopBox

Winter, 2022

Executive Summary

Want to retain customers, accelerate expansion opportunities, and have them advocate for you to get more new logos in the door?

Of course, you do. How? Keep them happy and successful. Duh. But how do you keep them happy and successful? It starts with truly wanting to *engage* and strengthen relationships with your customers, not just going through the motions.

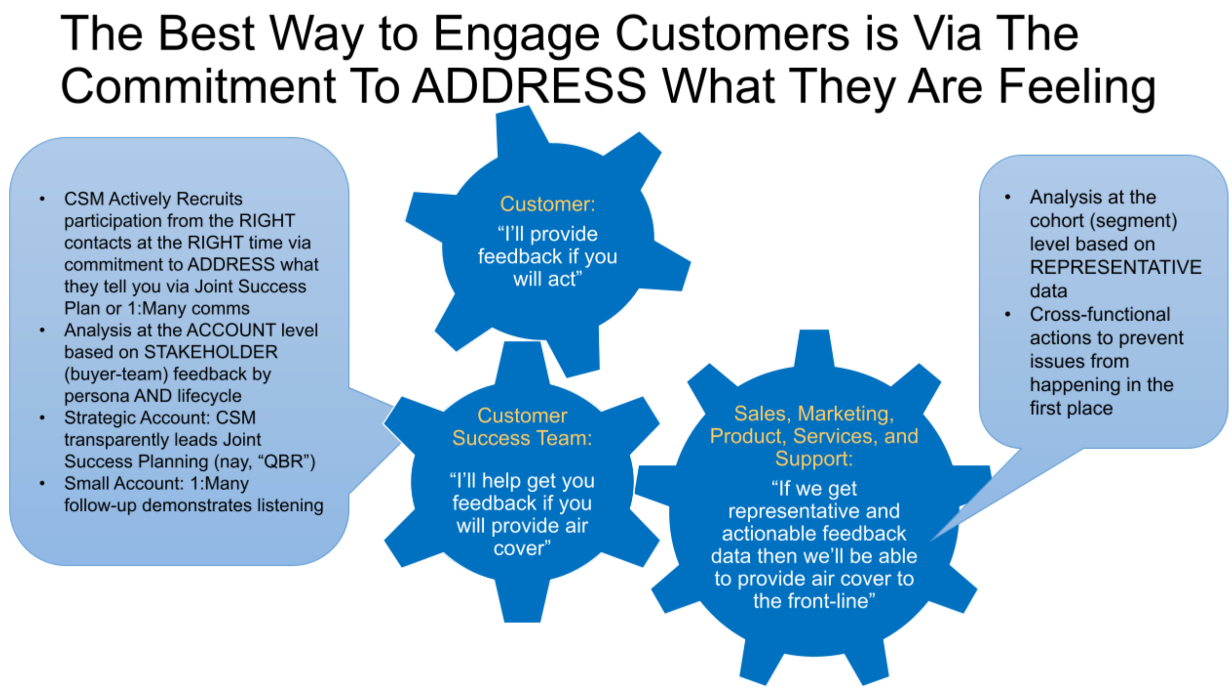
OK, great, you are still reading so that means you WANT to engage with your customers. But what's the best way to do that? To start, here's one of the keys: **Recognize that there is more than one single person that influences buying decisions in the account and develop relationships with them, at scale.**

You might be thinking, "Yikes, working with multiple people sounds like more work. That only makes it harder." But with a little jujutsu we can turn that concern into a strength. After all, we know that people transition in their careers all the time and the better you keep up with those changes the easier it will be to reduce friction and silence, strengthen relationships, and identify more and more promoters that accelerate profitable growth for the company.

This paper will cover the 3 most important elements of successful customer engagement and "health:"

1. Context
2. Representative (trustworthy) feedback
3. Process automation

When these elements are designed properly, you'll find proactive customer engagement to improve quality of life for the Customer Success team while also accelerating profitable growth for the company -- a true win-win-win for all parties. At a high level, the process looks like this:



============ Sidebar: Talix Wins With TopBox ============================

Talix

Talix was able to replace their annual NPS survey and implement a new customer listening program in less than 30 days, with David Lahey in the driver's seat as Talix' VP of Customer Success and the TopBox team. The program moved well beyond NPS measurement to better understanding stakeholder expectations and requirements as well as end-user needs. This was accomplished by
(1) demonstrating to their customers' that Talix listens,
(2) actively reaching out to engage all of the right contact roles within their accounts, and
(3) following up to address what they heard. The end result is that Talix **Connect powered by TopBox contributed to achieving a world-class level of 118% for Net Revenue Retention (NRR)** during FY2020.
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Part 1: Context

Often when key leaders inside your company think of “customer feedback” they often think about their personal experiences with surveys as consumers. But a B2B-focused feedback program is quite different than how they might be thinking. Since “customers” (accounts) are generally acquired and managed one-at-a-time (as opposed to the 1:many B2C model), it’s important to view feedback at the account level in order to keep individual accounts happy and engaged (of course, a good program would also enable data roll-ups for various cohorts like segment, industry, CSM, etc in order to identify and remediate those recurring concerns across accounts, and we’ll discuss that in section 3).

Because of this fact, customer feedback MUST include CONTEXT as a critical success factor, and there are ALWAYS at least 4 parts:

1. Lifecycle stage: e.g. new accounts have different experiences and requirements than well-tenured accounts.
2. Persona: e.g. “Decision Makers” have vastly different needs, expectations, and experiences than project managers or other persona. It’s critical to know what the “role” is the person of the people providing feedback as critical context.
3. Segments/tiers: e.g. “High touch” (strategic, tier 1, etc) accounts have different experiences than low-touch
4. Other firmographic and operational data also come into play to determine revenue at risk, optimal improvement areas (ROI), and customer engagement.

In other words, if you are aggregating all feedback into one giant “orple” -- a strange combination of an apple and an orange -- you’re missing critical context and will be unable to act appropriately. Throwing all feedback into one bucket makes it difficult (impossible?) to know what is working and what needs improvement because the **customer experiences and expectations change as context changes**. Orples don’t exist in the real world, and they shouldn’t exist in your customer engagement efforts.

[Image Caption: Does your analysis combine apples + oranges to create these fictitious Orples?]

The implications of this may not be obvious:

1. **Say “Goodbye!” to “survey blasts”** that ask all customers for feedback all at once. You’ll need to get feedback according to your customers’ own lifecycle because that context is king. Does an individual customer’s sentiment start positive at the end of onboarding, only to tank a few months later when they are supposed to be realizing value? Do you know well in advance of any renewal what issues or concerns the customer is perceiving? How well do you know perceptions of what is working or what

needs improvement *before* you go into an Executive Business Review with your customer's stakeholder team?

There are several key "moments of truth" that are the right times to get feedback from an account in order to drive the appropriate course-corrections. Setting up listening posts at those key moments is the only way to understand current account sentiment and drive the right actions.

2. **Say "Hello!" to more proactive outreach.** Because the feedback requests would come at the key moments of truth for an individual account, the Customer Success Manager has an opportunity to recruit customer participation (more on that coming up in Part 2: Representative Data) and follow-up on what the customer teams are saying. Customers will be engaged, on *their* terms, context, and perceptions. And CSMs won't be inundated with trying to manage a process for 100% of their customers but instead can focus 1-to-1. Feedback can be quickly put to work when the CSM properly addresses what customers are telling you.

3. **Say "Hello!" to better data that is pertinent to the customer's persona, lifecycle stage, and segment.** Now that you have that context it's easy (especially with our help) to develop questionnaires that capture the right feedback from the right people at the right time. Bye-bye 2-question NPS surveys -- this was a CONSUMER consideration that is NOT a significant factor in response rates. While long questionnaires might cause early drop-off (abandonment), we KNOW from the hundreds of programs we've helped companies stand-up over the years that questionnaire length is far less a factor than showing how your customers' feedback will be leveraged. More on that coming in Part 2.

Perhaps your company leadership wants an aggregated NPS, "...because that's what the board needs." You can still provide an aggregated NPS if you wish, based on the data you've obtained. But instead take the opportunity to educate them about the RIGHT way to look at feedback: How well are different segments/cohorts engaged? Which segments are performing better than others, and what are you doing about it? Bottomline: bring solutions to your leaders, not problems that arise when you don't clearly know the "why" behind the numbers.

Customer Engagement / Feedback programs fail without these elements, often trying to work with 5-10% response rate data and not the 60%+ that is required (and that our programs drive).

Part 2: Representative Data

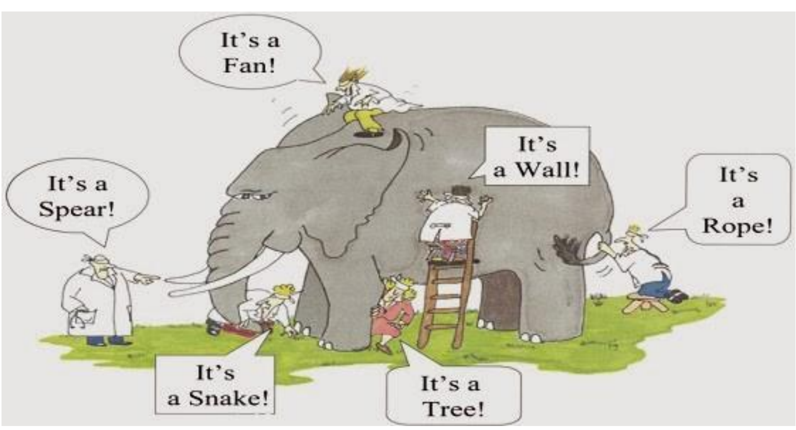
And speaking of Response Rates, acquiring feedback from 100% of your accounts should be the ultimate goal. After all, if you can achieve that then thinking about all the benefits you'd gain from one single source of truth, straight from the horse's mouth:

- Far less friction internally ⇒ Breaks down silos and makes it easier to get things done and set the right customer expectations
- Far less friction from your customers ⇒ Fewer customers churning or "ghosting" you
- A comprehensive database of customer profiles with sentiment and WHY they feel that way ⇒ Fewer "asks" of the CS team to enlist customers in company activities
- Clean account and contact data in Salesforce ⇒ More targeted customer marketing to engage and drive improvements across cohorts
- Fewer late-nights performing heroics with your accounts ⇒ Better work-life balance and less stress because you are now PROACTIVE instead of constantly dealing with the reactive and guessing

Getting to 100% may not be achievable in the short term, but we know that it's possible over time because we've seen it many times.

Put yourself in the shoes of your Champion / Primary Point of Contact: Their job is to make sure that the investment in your company's products and services are driving a return on investment in time and resources (ROI). Here's the thing: most businesses make decisions based on "feel" and rarely measure genuine return on investment. In other words, it's the **perceptions** of the various constituents (stakeholders!) that matter. Are they *perceiving* success? Are they *perceiving* value? Do they even care? If not, then your renewal and expansion motions are in danger. Plus, you're likely to have disengaged "detractors" that are spreading negative word-of-mouth about the company which certainly makes it harder to grow.

In order to drive retention and expansion, you'll want to know what **all** the stakeholders think and feel with regards to your company and what you deliver. Key: Your Champion also wants to know this. After all, it's your Champion's job to make sure that what your company is delivering is working, i.e. adding value to their day.



[Image Caption: Do you KNOW what ALL of your stakeholders think about your company and their plans to renew… Are you guilty of only looking at part of the elephant?]

Why not add value to your Champion's day while also ensuring that you -- AND your Champion -- fully KNOW the sentiment and perceptions of everyone "that matters" in the account? A simple online feedback effort that shares (anonymously) what the rest of the team thinks is valuable to both your Champion and for you so you can drive the right course corrections... together. This simple act of **transparency** has proven to not only be an excellent vehicle to strengthen customer relationships, but also provides you with the right insights to drive the right actions with the account.

Notice we're not talking about Net Promoter Score (NPS), Customer Satisfaction (CSAT), Customer Effort Score (CES) or any other aggregated metric. We're talking about a ***process*** that, especially when aided by good technology to automate where feasible and humanize where required, engages your customers because you will **H**-**E**-**A**-**R**:

1. **H**arness the commitment: Commit to (1) sharing the feedback (anonymized) with your Champion, and (2) commit to listen and *address* what you will be hearing. Their feedback cannot go into a black hole. You must demonstrate that you are personally committed to excellent experiences and successful outcomes by explaining what you are trying to do; which is simply to get deep-and-wide feedback from all the right people in the account so you can improve their experiences and outcomes. So ask for a short conversation with your Champion or work the topic into an existing meeting: Will they help-you-help-them by completing a brief assessment, no more than 3 to 5 minutes, so you can drive the right priorities? ***[See template #1]***

2. **E**ngage the right contacts: Something magical happens with that commitment: They participate! So now that they are "in" you will want to make the next easy ask, "Who else is in a position to assess the value and relationship between our two companies? The people I'm aware of are X, Y, and Z… are these still the right people, or have people transitioned?"

   And now that you've vetted the contact list and confirmed who you need feedback from, ask your Champion, "I'd like to send you a brief email explaining this process so you can forward it on to these folks so they know this is "real" and not some silly survey… would you be able to be that person that they know and trust so that they will participate?" ***[See template #2]***

3. **<u>A</u>**ddress the feedback: Bingo! You've identified all the right contacts and given them a reason to participate. Now you just need your system to send an email with the personalized URL for their assessment questionnaire, gather the feedback, and define an action plan based on what you hear together with your Champion (or perhaps with the full team in an Executive Business Review meeting?) ***[See template #3]***

   Note that you're no longer constrained to that silly 2-question NPS-style survey. In fact, your B2B customers will appreciate that you are digging into areas that matter to them by asking the right questions in the assessment process. If you're worried about response rates then don't be, as long as you are respectful of the customer's time. In fact, a recent McKinsey & Company research brief states, "A common belief is that survey fatigue is driven by the number and length of surveys deployed. That turns out to be a myth."

   Including a B2B-oriented version of the "Recommend" question (from which the Net Promoter System is based) on your questionnaire can provide you with sentiment for the contact which can be trended over time, and can also be be used to calculate a Net Promoter Score, but the metric is less important than how you are addressing what your customers are telling you and seeing a longitudinal trend: Are the SAME contacts and accounts trending in the right direction over time? What percentage of accounts are happy and healthy, and what percentage are declining over time?

4. **<u>R</u>**eveal results: You are in a great position to understand the value that your company's products and services have delivered. But caught in the daily deluge of work they rarely perceive those changes. Your job is to constantly articulate what they've achieved. Having asked for feedback and then acted on it, you've not only differentiated yourself and your company as a trusted partner but also strengthened the relationship by listening.

   Oprah Winfrey said it best upon her retirement from daytime TV: "I've talked to nearly 30,000 people on this show, and all 30,000 had one thing in common: They want to know: 'Do you see me? Do you hear me? Does what I say mean anything to you?"

   Show them that it does and you should expect at least a 50%+ response rate, gaining clear, trustworthy, and representative feedback, in context and highly actionable.

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SIDEBAR:
A customer feedback program -- whether NPS, CSAT, CES, or other -- must do 1 thing: Strengthen relationships with customers.

There are a ton of reasons why you shouldn't waste time and resources collecting an aggregated NPS based on a 10-20% response rate, but the most important is this:

Are you guilty of treating customer surveys like lab rats, watching them "because you want to know," without adding direct benefits to your customer?

Better be ensuring that your feedback program is framed as “help us help you” otherwise your surveys will erode relationships. As we’ve discussed before, Surveys Without Action Do More Harm Than Good

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One thing that is clear is that the customer is generally in the best position to determine if they are being successful or not. Measuring customers’ perceptions of success and what is working or not-working for them should be central to any Customer Success team. Yet the vast majority of existing CS tools either completely ignore customer sentiment and feedback or leave it entirely up to you to determine how this critical component is addressed.

Bottomline: You will gain an accurate understanding of an account’s health if you assess sentiment across a broader set of contacts -- stakeholders! -- in that account. Getting feedback from a limited number of people doesn't change the underlying sentiment of the rest of the people who matter in that account. A more accurate understanding is a must-have prerequisite to improving account health.

Part 3: Process Automation

Perhaps you've heard, "Scalability comes from technology." While partially true, this statement misses a key point: *Process* improvement drives scalability. While process improvement often comes with technology it's the *change* in process that should drive ROI.

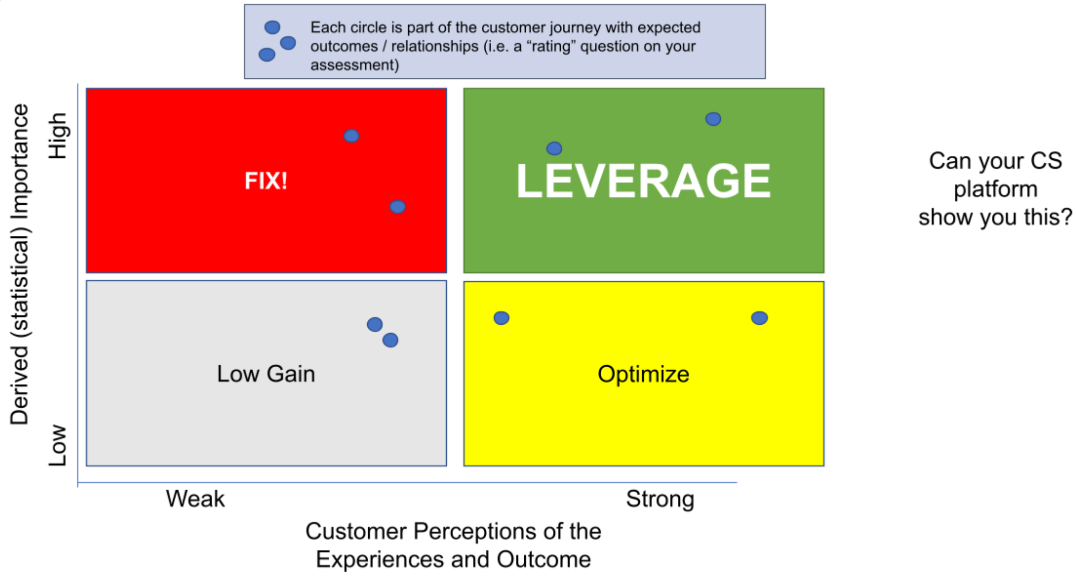
In Parts 1 and 2 of this paper we discussed the critical success factors of Context and Representative-ness. We could stop there and account teams would gain genuine insight into the state of the customers for which they are responsible. But with the highly actional and representative feedback, you should take the opportunity to improve your customer-impacting processes across the business in order to keep every customer and contact happy and successful **from the start**. When things break, it's often the CSM that must make the time and effort to course-correct. So let's prevent things from breaking in the eyes of the customer and bring some sanity back into the CSMs lives.

Now that we have actionable and representative/trustworthy feedback at the account level we can responsibly aggregate data across accounts into various cohorts (context). What are your Decision Makers thinking and feeling (perceiving) immediately following onboarding? What product capabilities do the end-users in your Strategic customer accounts want to see improved? You get the drill -- "context" gives you the ability to know how to roll-up your data responsibly to see what's working or needs improvement across a cohort,

There's a common misperception that cross-functional teams should focus on improving the lowest-rated items. Perhaps this is a lofty goal because improving the entire experience would be wonderful. But the reality of limited resources comes into play as we all know that you can't do everything all at once, so here's some tips

1. Not all customers are equal. With a little financial analysis you can see how much revenue is negatively impacted by poor experiences just by adding up the ARR (or however you measure account "value") for accounts with a set of low ratings.
2. Not all parts of the customer journey are weighted equally. With a little bit of statistics you can derive the importance of various improvements by understanding which improvements are most likely to "move the needle" in overall sentiment. Without getting too statistically geekly, look for capabilities in your technologies to provide this chart:

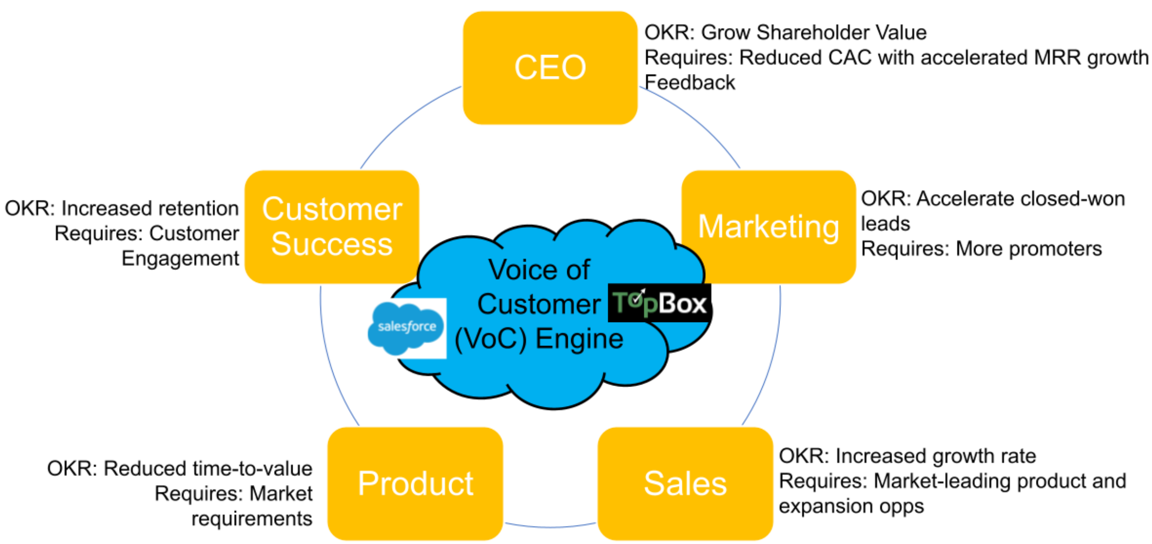
Know Where and HOW To Prioritize **Cohort / Segment-Level** Activities Via the Power Of This Chart



Once you've worked out which parts of the customer journey need which types of attention the next step is to think about our **internal** context: Each part (department) of the company can benefit from a single Voice-of-Customer program that provides actionable insights as long as you deliver to that organization the information they need in their context. Here's an example:

VoC enables us to create, identify, and activate promoters that bring in net-new leads and expansions.

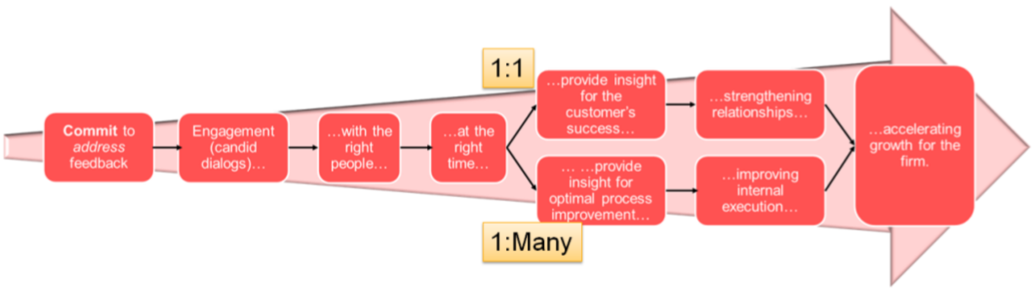
- Stop thinking about surveys or silly NPS results and start thinking about opportunities to *engage* customers and accelerate growth. *Representative* Customer Feedback Should Inform All Parts of the Business to Accelerate Profitable Growth Rates.
- We all know that growing your base of happy customers enables faster growth. Create more happy customers by *engaging* the right contacts at the right time in the right accounts to understand what's working and what's not, and then act on what they tell you 1:1 and 1:Many



Conclusion

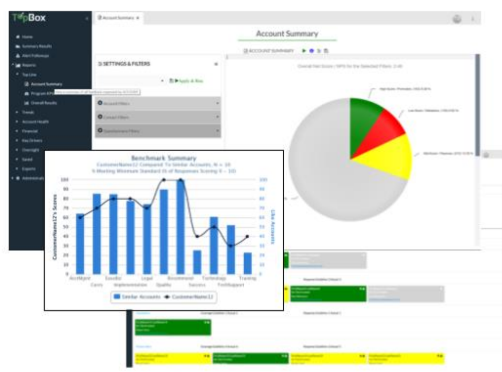
Putting It All Together

- Product utilization is NOT engagement… it's the minimum you'd expect.
- Surveys do not accelerate growth. Dialogues drive growth.
- Start with an understanding of your customers' sentiment with "why."
- Effective dialogs come from understanding and addressing individual customers' (accounts AND contacts) challenges.



Feels Like Too Much?

A cost-efficient investment will speed time-to-results to 30-days or less with proven automation (technology), integration with Salesforce, playbooks, questionnaires, analytics, and more...



Ready to get started? Contact us at: info@waypointgroup.org. Or perhaps even better, contact the author of this paper, Steve Bernstein, for a deeper dive from our co-founder and Principal Consultant – he thrives on networking and will never be a pushy sales type!

Appendix 1: Templates

Request A Discussion With Your Champion To Drive Participation

Subject: Critical [Vendor Name] program that needs your brief attention

Hi XXX,
It's critical that we are meeting your expectations and requirements. I'm excited to working at [Company], as we have clear commitment from our leadership team to invest in the areas that matter most to our customers.

To that end, [Company] has invested in a new program, *[Program Name]*, which allows everyone in [Company] (including me) to understand what's working well and where we might have missed so we can all drive the right improvements for you.

I'm looking for ~10 minutes to find out if you will participate in *[Program Name]*. It's no cost to you and requires minimal time on your part. Participating means we can be best aligned with your expectations and needs. Could you suggest 2-3 times that would be best for me to give you a call (or you can check my calendar [link])?

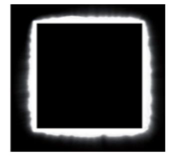
Ask Your Champion To Drive Participation From Their Colleagues (They Also Need the Feedback!)

Email from you to all identified contacts that should be seeing benefit from your company's products and services… A simple template:

Hello all,
[Vendor] will be requesting feedback from you later this month about the value that their products and services have provided you and to [CLIENT Name].
This note is to ask for your participation in their brief online questionnaire coming to you on [DATE]. Since you are a key leader that can assess the relationship and value of Copado's products, you are in an excellent position to influence how Copado works with us. *Please be candid.*
You should see an email invitation from [Vendor] in your inbox on [DATE]. If you don't receive the invitation on that date, please check your spam folder. If you have any questions about this feedback process, feel free to contact [CSM name], our Customer Success Manager from [Vendor] at [contact information] or myself.
Thanks so much for your participation!

Remember to engage non-responders

•The automated reminder emails to non-respondents are likely insufficient
Follow up with non-responders with a **telephone call**:



EXAMPLE VOICE MAIL SCRIPT:
Hi [NAME], I'm [Client Name]'s Success Manager from [Vendor]. In order to make sure we are best meeting your needs we are requesting feedback from you. Do you remember seeing the *[Program Name]* invitation with your personalized link for your feedback?
If you don't receive the invitation please check your spam/junk or "Clutter" folders.
We sincerely need your feedback and you have my commitment that we will be following up on your response. Do you have any questions about this process? I can be reached at [YOUR PHONE NUMBER]

Thanks so much for your participation!

Appendix 2: Voice-of-Customer Platform Requirements

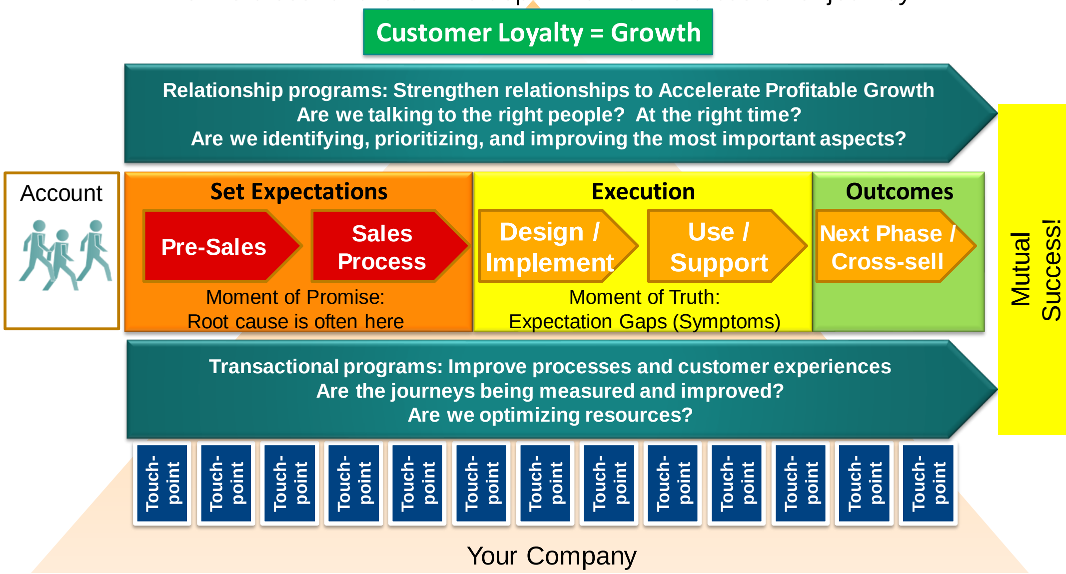
Hopefully you've read the paper and understand that voice-of-customer is far more than just sending surveys. Here are key requirements you must consider:

1. How will you analyze results? Yes, you want it integrated with Salesforce so the account teams can easily see account and contact sentiment, what's working/needs-improvement, etc. But how will you look for patterns across accounts for key driver" analysis to address the true root-cause and allow CSMs to have a bit more work-life balance so they're not constantly dealing with fires? Btw, we know that just because something scores low, improving that won't necessarily deliver the biggest-bang-for-buck! Understanding the impact that improvement will have on your company's financials (retention, expansion, positive word-of-mouth referrals, and more!) likely requires some statistical work with the ability to slice-and-dice data into key cohorts to monetize the improvement..
2. Non-responders are a key cohort for B2B feedback programs. Well-run feedback programs achieve a 60-80% response rate (depending on segment…truly, we see this all the time), even with "longer" questionnaires. How will you shine the light on non-responders and do what's needed to drive up participation? In well-run programs, we find that silent accounts are ~14x more likely to churn than accounts that give you feedback, so gaining a predictor of churn through this customer-engagement process Remember, non-responders are telling you something – you may think you've adequately positioned the need for their feedback but those non-responders don't find it worth their while – that's an important datapoint. You'll want strategies to effectively engage them and your provider should help you achieve these results.
3. How will you ensure you have good oversight into the follow-up process -- are your teammates really doing it and are they documenting the root-causes/"lessons learned" in such a way that you can drive organizational learning?
4. How will you communicate with your colleagues across your company? Cross-functional collaboration and reporting with "slice and dice" analytics that allows cross-functional participation, follow-up management with root-cause and oversight, financial linkage, etc.. You'll want the organization focused on improvement… do you have a way to do that, or will the CS team be isolated and overwhelmed?
5. Do you have the expertise to construct the questionnaire(s), implement the communications program so you can engage and acquire 60-80% response rates, and define and drive an effective follow-up process? You might want to consider bundled services so that you don't need to do any configuration/administration and can focus on your business, while the "vendor" assists you with genuine best-practices guidance. Every provider has standard templates but they aren't tailored to your business and segmentation strategy.
6. How will you implement such that you "get the right feedback from the right people at the right time" – is there a way to trigger NPS processes based on customer-lifecycle, not a "blast" to customers or require manual account selection? The right accounts and contacts should be asked to provide feedback at the right time (i.e. key moments of truth – onboarding, time to value, well in advance of renewal, etc). Make sure you're not asking questions of contacts that don't matter – persona-based questionnaires are very important (e.g. an end-user can't assess value for price), as are cohort/segment based so you're not asking "low-touch" accounts the same questions as high-touch/strategic accounts…

7. What's your budget? Nothing discussed here should total up to more than $10k-$25k per year for the technology. Be careful with "per seat" licensing because you want the feedback to be accessible to the entire company, and also be careful with "per email" pricing because you'll certainly want to look for census, not sample.

TopBox Enables the Process of Measuring and Improving the Business Outcomes that Customers Have With Your Company

- There is no simple "customer" in B2B: there are a series of complex relationships
  - CX is cross-functional: No department owns a customer journey



Through elegant analytics, unique role-based visualizations, clear workflow management, and smart integration with other systems (Salesforce and others), TopBox enables front-line account teams and company leadership to drive the right actions that improve customer experiences and success for retention and expansion.

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