




Customer Success

OPERATING MODEL

September 2022

CUSTOMER SUCCESS OPERATING MODEL

Introduction

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- 01 Introduction
 - 02 Core Elements
 - 03 Onboarding
 - 04 Adoption
 - 05 Expansion
 - 06 Skills

Why do we need an Operating Model?

00 The lack of a uniform operating model causes widespread interoperability resulting in a loss of recurring revenue.

Recurring revenue businesses are embracing the fact that strong Customer Success motions are critical to sustainability. However, we have not yet seen a methodology dedicated to this.

There are CS best practices, but the market lacks a CS methodology custom built for recurring revenue, that is data driven and that can integrate across the whole business. This lack of a uniform methodology has caused a variety of issues, including:

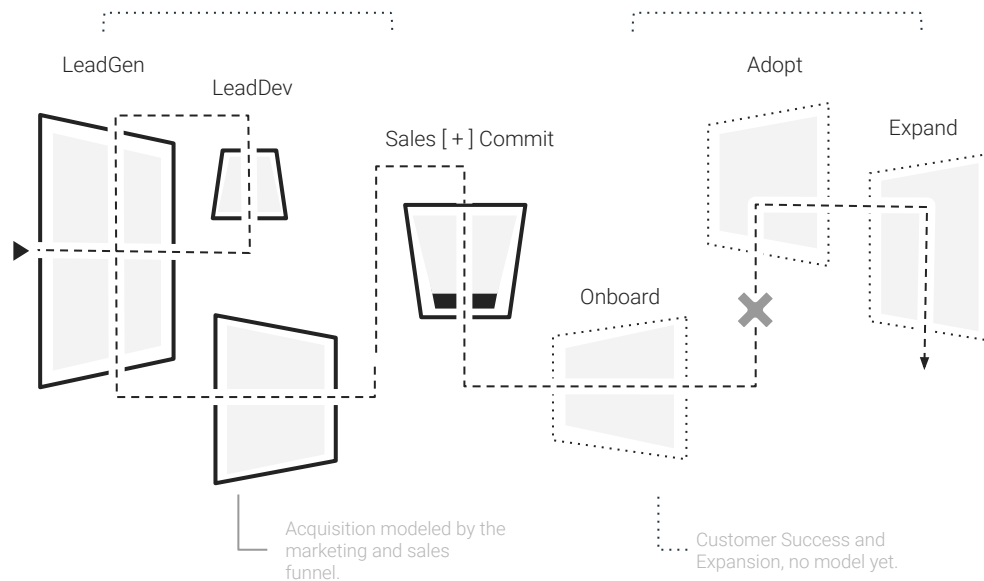
- **Lack of a common language:** Without a methodology that works across all teams, departments end up siloed, each using their own approach, definitions, and terms.
- **Lack of a standardized data model:** Often, data tracked and collected from individual departments doesn't fit into a uniform model across the business, making it hard to drive decisions based on data & strategic business insights.
- **Lack of interoperability:** Most SaaS businesses manage hundreds to thousands of deals a year, and operate at high velocity compared to a conventional B2B business. If the activities of Marketing, Sales, and CS teams aren't designed to work together, there will be roadblocks to growth & scalability.

Non-interoperable

Each function uses different methods, special metrics, unique language, and custom skills. Most methodologies are designed to compete with each other something that can be felt in parts of the organization that seemingly start to compete with each other.

Misalignment

Recurring Revenue businesses should focus on not only having a successful and established customer journey up until the first sale, but also ensure that the value promised during the sales process is delivered sustainably throughout the customer lifetime.



The lack of a uniform operating model causes widespread interoperability issues. This makes finding the right customers not the result of meticulous planning and execution, but rather the result of perseverance by a customer on their journey to achieve impact.

What is an Operating Model?



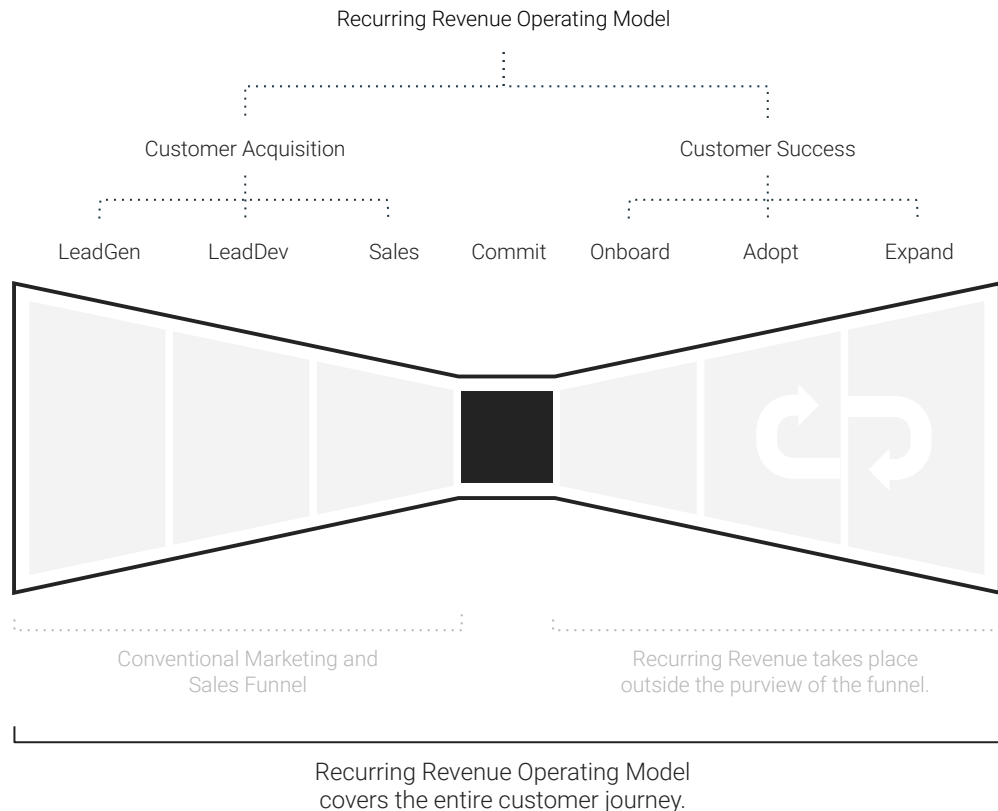
An operating model breaks a complex system into subsystems that can be described and understood separately.

An Operating Model is the blueprint for how to run a business model within your organization and bring it to life. It allows each individual in an organization to understand both their role and the bigger picture they fit into, and to be aware of the dependencies and consequences of their actions within the business.

The Recurring Revenue Operating Model provides a framework that spans the entire lifecycle of a customer. This framework is referred to as The Bowtie. The bowtie allows organizations to operationalize their business in order to scale efficiently and effectively.

The WbD Recurring Revenue Operating Model supports all business functions across the bowtie. Today, many companies are likely to have a sales methodology built into the left side of the bowtie such as BANT, and use a LeadGen methodology such as Inbound, or ABM. However there is a lack of any methodology on the right side of the bowtie.

Because delivery of recurring Impact is critical to profitability and sustainable growth, having a strong way to manage your customer base is essential. For that reason, we broke out the Customer Success Operating Model so it can be implemented while integrating easily with common Marketing, and Sales methodologies in use today.



The Customer Success Operating Model

00 A standardized methodology to help customers achieve impact, and businesses scale growth sustainably.

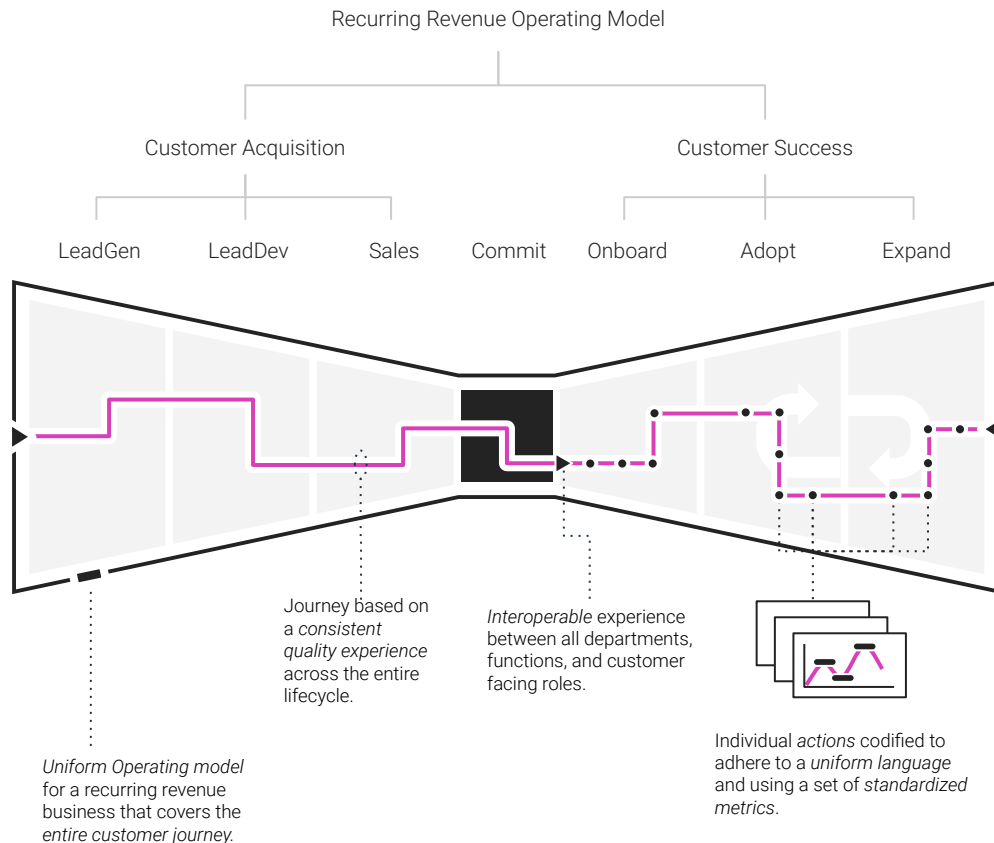
Historically, we've seen companies implement standardized Marketing and Sales Methodologies on the left side of the bowtie, but there is a lack of standardized and scalable processes on the right side of the bowtie.

Since recurring revenue happens on the right side of the bowtie by delivering Impact that drives retention and growth from existing customers, we are presenting the WbD Customer Success Operating Model.

The Customer Success Operating Model consists of three independent phases: Onboarding, Adoption, and Expansion.

The WbD CS Operating Model is a part of the larger WbD Recurring Revenue Operating Model. As a result, the CS Operating Model aligns with the three independent CS functions and with existing Marketing and Sales Methodologies.

Implementing the CS Operating Model is an important step forward if you're working to make your company more sustainable and drive profitability.



Five Customer Centric Fundamentals



Understand Your Customer

Take the time to know your customer, their business, their goals and challenges. Research, ask good questions, and listen.

Your products and services should be discussed within the frame of how they can support the customer, rather than being the standalone focus of any discussion.



Create Value In Every Interaction

Don't ask for a *check in* just because your calendar has a to-do item on it. Each meeting should have a clear end goal that further deepens the Impact or potential Impact the customer is working to achieve.

Provide value by sharing relevant information, always making sure to engage the customer and listen for any new information or insight.



Educate and Stay Curious

If you educate your customer and make them smarter, they will value the relationship and work to preserve and grow it.

That said, don't assume you already have all the answers. Situations change and individuals have different points of view.

Make sure you listen and validate assumptions.



Help A Customer Achieve Impact

All roles within an organization should be focused on helping customers identify and achieve Impact.

The goals should never be to get to a decision or to hit a milestone - those will be outcomes of pursuing Impact.

This is a mindset shift that will immediately improve your outcomes.



Emotional and Rational Impact

To best support your customers, identify & understand both the rational and the emotional Impacts they are looking to achieve.

Rational Impacts benefit their business first and the individual second, and emotional Impacts benefit the individual first and the business second.

CUSTOMER SUCCESS OPERATING MODEL

Core Elements



01 Introduction

02 **Core Elements**

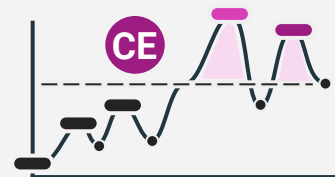
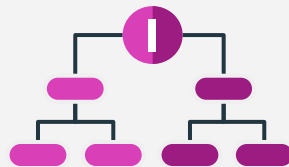
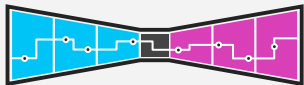
03 Onboarding

04 Adoption

05 Expansion

06 Skills

Four Core Elements Threaded Across the Entire Customer Journey



C1 The Journey

The bowtie refers to the end-to-end customer journey, including Lead generation, lead development, sales, customer onboarding, adoption, and expansion.

The bowtie replaces the conventional marketing and sales funnel, which does not cover adoption & expansion, which are the growth engines of any recurring revenue business.

C2 The Framework

A key to the CS Operating Model is SPICED, an acronym that stands for Situation, Pain, Impact, Critical Event, and Decision.

SPICED is a diagnostic framework to identify and transfer critical customer information along the entire customer lifecycle. It drives the proper customer-centric conversation at crucial moments for the customer.

C3 Impact

The impact is the realization of the promise of value. Customers must see a recurring impact to renew a contract or before committing to additional services.

The Operating Model has two kinds of Impact: Rational or quantitative Impact, which benefits the company, and Emotional or qualitative impact, which helps the person.

C4 Critical Event

A Critical Event drives a decision as it has an adverse impact when no action is taken. A critical event can be a set date or an event, such as getting to 1M users.

Critical events cause prioritization, thus driving decisions in recurring revenue businesses. It makes access to the budget, or having an RoI of secondary importance.

A Customer's Journey

C1 A customer traverses across the entire bowtie with a goal of achieving recurring Impact. Recurring Revenue is a result.

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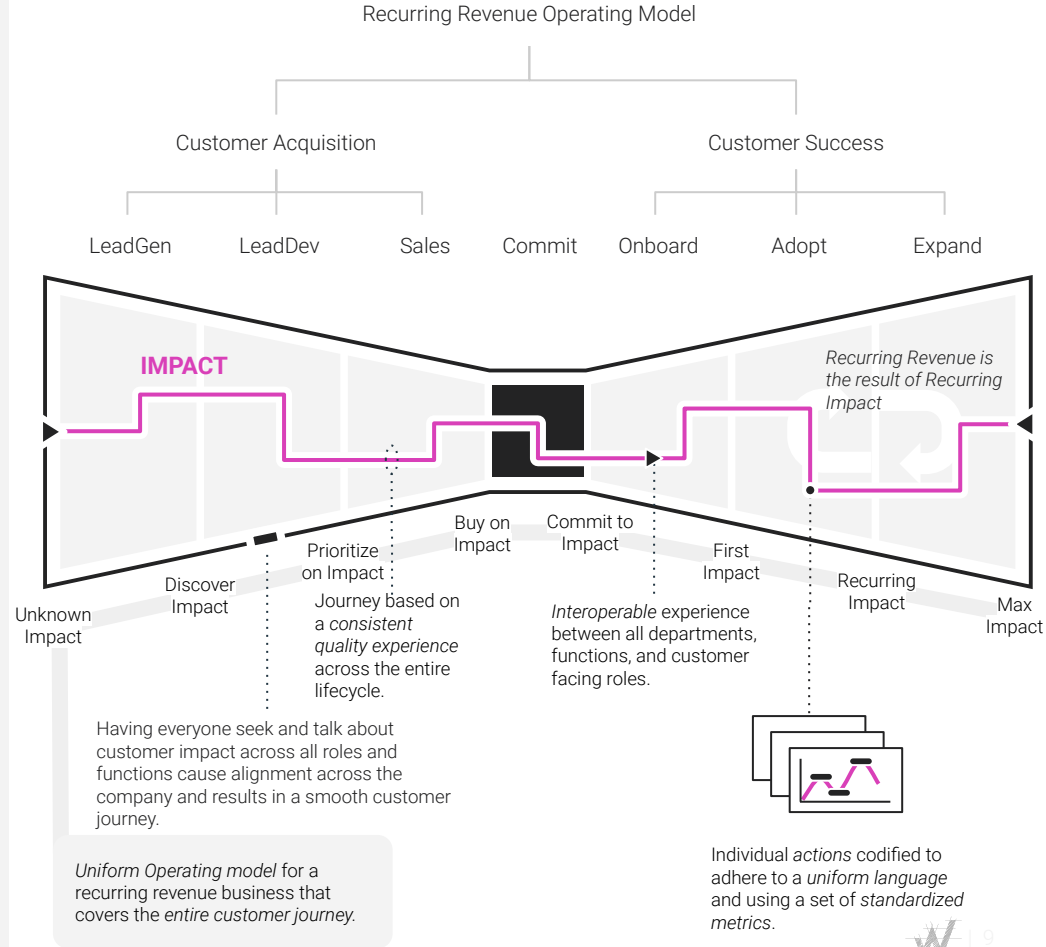
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This methodology is all center on Impact. The First Principle of Recurring Revenue is that it is the result of Recurring Impact. This allows to create an impact journey that aligns the entire company.

Implementing the CS Operating Model is an important step forward if you're working to make your company more sustainable and drive profitability.

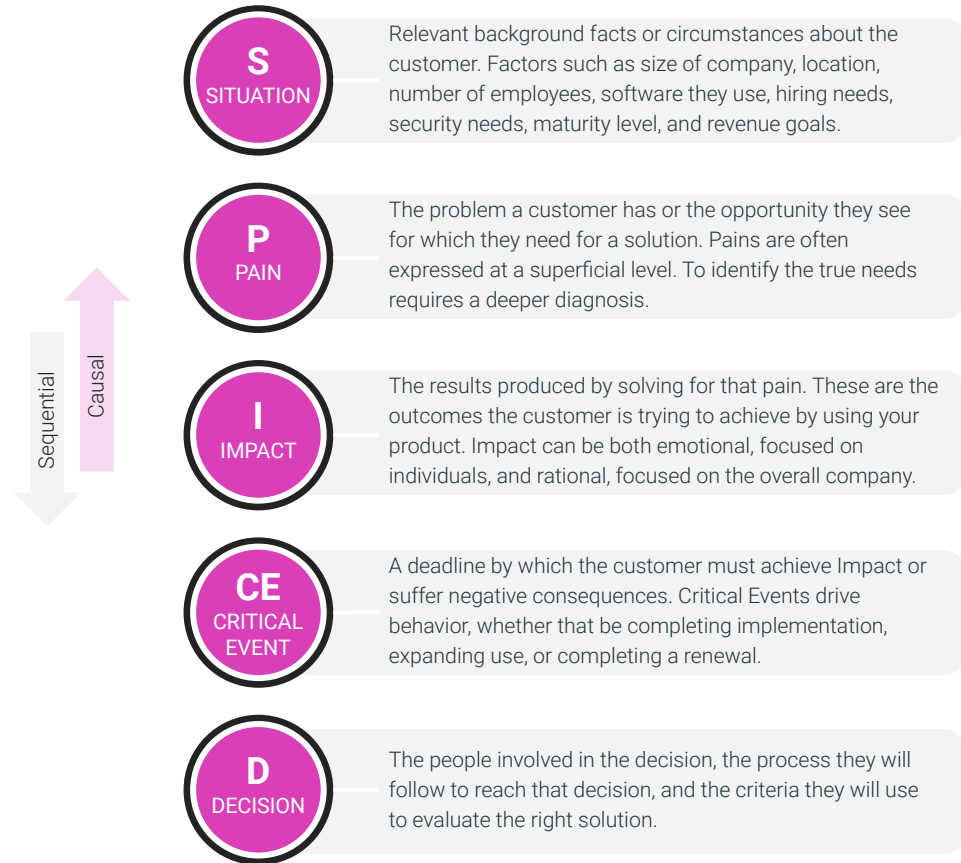


The Framework

C2 SPICED™ is at the core of the operating model. It connects all interactions with the customer across the entire journey.

SPICED™ connects every interaction across the entire customer journey. It has the following traits:

- SPICED is focused on customer Impact, making it customer-centric.
- SPICED can be used across the entire customer journey for every customer touchpoint to validate essential information, qualify, ensure ongoing alignment, and provide a quick way to surface risks or opportunities.
- SPICED is sequential, as you need to understand the situation before fully understanding Pain and Impact.
- SPICED reflects contextual relevance; for example, reaching out to a customer based on the situation depicts less relevance vs. Impact.
- Ensure all roles across the bowtie frame key customer conversations around SPICED; all customer-facing teams should be operating off the same core information while also providing a natural way to uncover risks to the account or expansion opportunities.
- A decision results from a customer's need for Impact; it is in service to achieve the Impact, not a driver of the Impact. The latter is more familiar with a sales-centric approach.



Impact is What a Customers Gets Out Of It

C3 Impact is critical to driving recurring revenue from your customers, but what does IMPACT really mean?

Impact refers to something you are providing to a customer they didn't have before engaging with you or that they can achieve more quickly with you. If you aren't delivering Impact, keeping and growing your customer base will be highly challenging.

To deliver recurring Impact, you need to start by identifying what Impacts each customer is looking to achieve. Some Impact goals are easy to remember, such as "we need to reduce our operational costs," but others are less obvious.

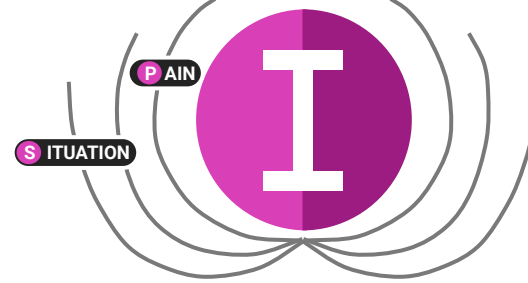
Think of Impact as an onion, with some outer layers that are easy to get to but that you need to peel back to gain a deeper understanding. The exterior, visible layers reflect the situation and pain a customer feels. Use that information to create strategic questions, listen to understand more types of Impacts, and get a deep understanding of what drives decision-making within their business.

- Situation Question (closed ended): How many users are there on the present tool?
- Pain Question (open ended): What do users still struggle with? How does that show up?
- Impact (open ended): How much time or money could be saved by making it faster for team members to process paperwork?

It can take as many as 3 to 7 questions to collect all the types of Impact goals they have, so be patient!

Layers of questions uncover Rational & Emotional Impact.

Rational (quantitative) Impact and Emotional (qualitative) impact.



There are 2 kinds of Impact customers want to achieve: Rational and Emotional.

Quantitative goals, such as increasing revenue or decreasing cost, have always been a key part of purchasing decisions.

These quantitative goals are defined as *Rational* Impact. However, we know that the most successful recurring revenue companies also understand and define *Emotional* Impact for their customers.

Emotional Impacts tend to be more qualitative and can provide deep insights into buying decisions, even if they are unspoken or not part of an RFP.

- Emotional Impact first benefits a person and then the company, such as a promotion earned with a successful product implementation. Rational Impact first benefits the company and then a person, such as dollars that an efficiency tool helps save.
- Emotional Impacts vary by person. Each person experiences Emotional Impact differently depending on their role or situation. Rational Impacts, on the other hand, often represent common goals shared by all functions at a company.
- Most humans make Emotional decisions. Whether we realize it or not, humans often make decisions based on emotions and seek to rationalize those decisions with facts and figures.

Identifying a Critical Event

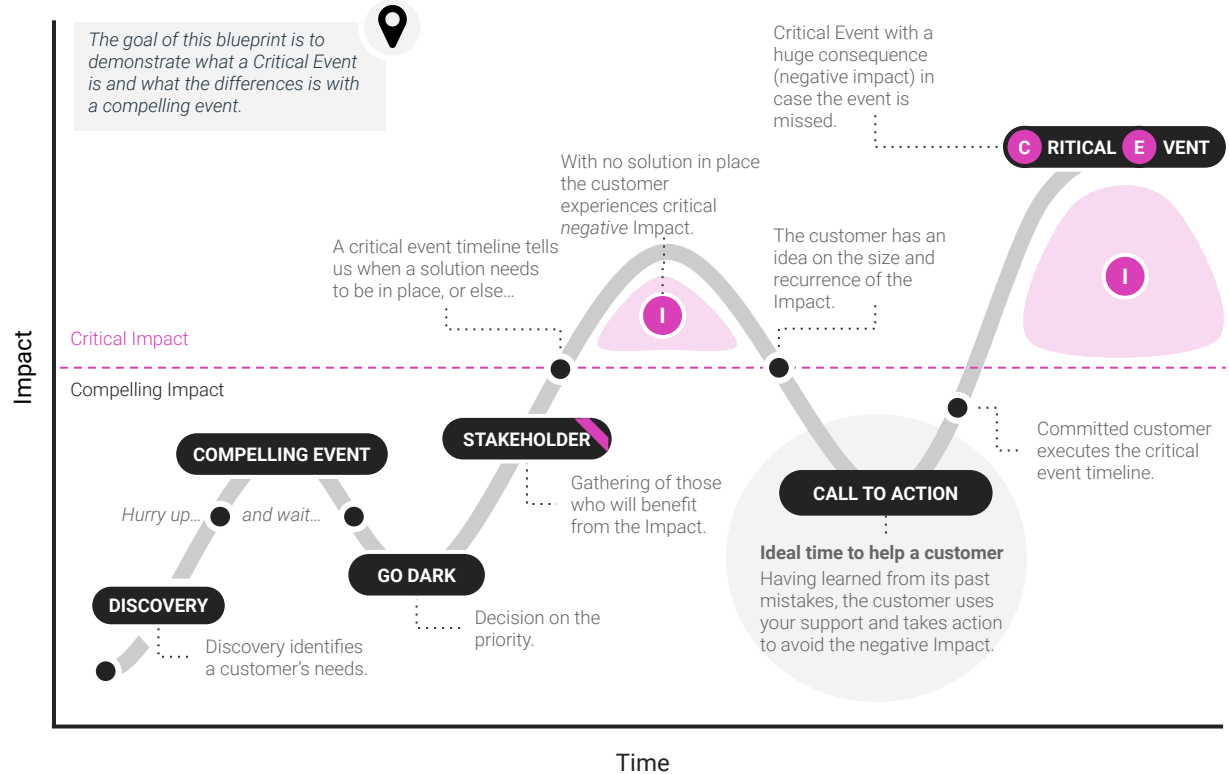
C4 A Critical Event causes an Impact if the date is missed.

When trying to encourage a prospect or customer to take action, it's important that there be urgency around the action.

In the case of Customer Success, an example might be that your customer's renewal date is upcoming, and they aren't actively engaging with you to complete it. To drive engagement, you need to create urgency and make the renewal date not just a Compelling Event but a Critical Event.

Compelling Events have dates but don't carry any urgency or drive action. A statement illustrating a Compelling Event is, "Your renewal date is September 15th." There is an event but no urgency.

Critical Events have a date, AND there will be a negative consequence if that date is missed. An illustration of a Critical Event is, "Your renewal date is September 15th, and if the renewal isn't processed by then, your teams will have to go back to managing spend in spreadsheets, wasting a great deal of time and creating more risk of errors."



Impact and Critical Event

Rational Impact

Measurable, quantitative Impact, such as an increase in revenue, or faster.

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

Emotional Impact

Qualitative Impact a person gets. Often worded as "better", "easier"

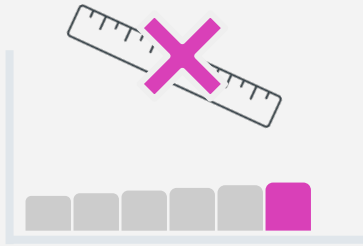
- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

Critical Event

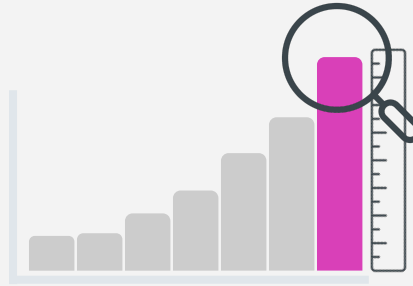
An event that when missed has an Impact associated with it.

- 1. _____
- 2. _____
- 3. _____
- 4. _____
- 5. _____

Metrics Drive Behavior



When performance is not measured, performance does not improve.



When performance is measured and reported back, the rate of improvement accelerates.



So, what are the right metrics?

The Operating Model Overview

Recurring Revenue is the Result of Recurring Impact

The result of an operating model are:

1. Interoperability
2. A Common Language
3. Standardized Data Model

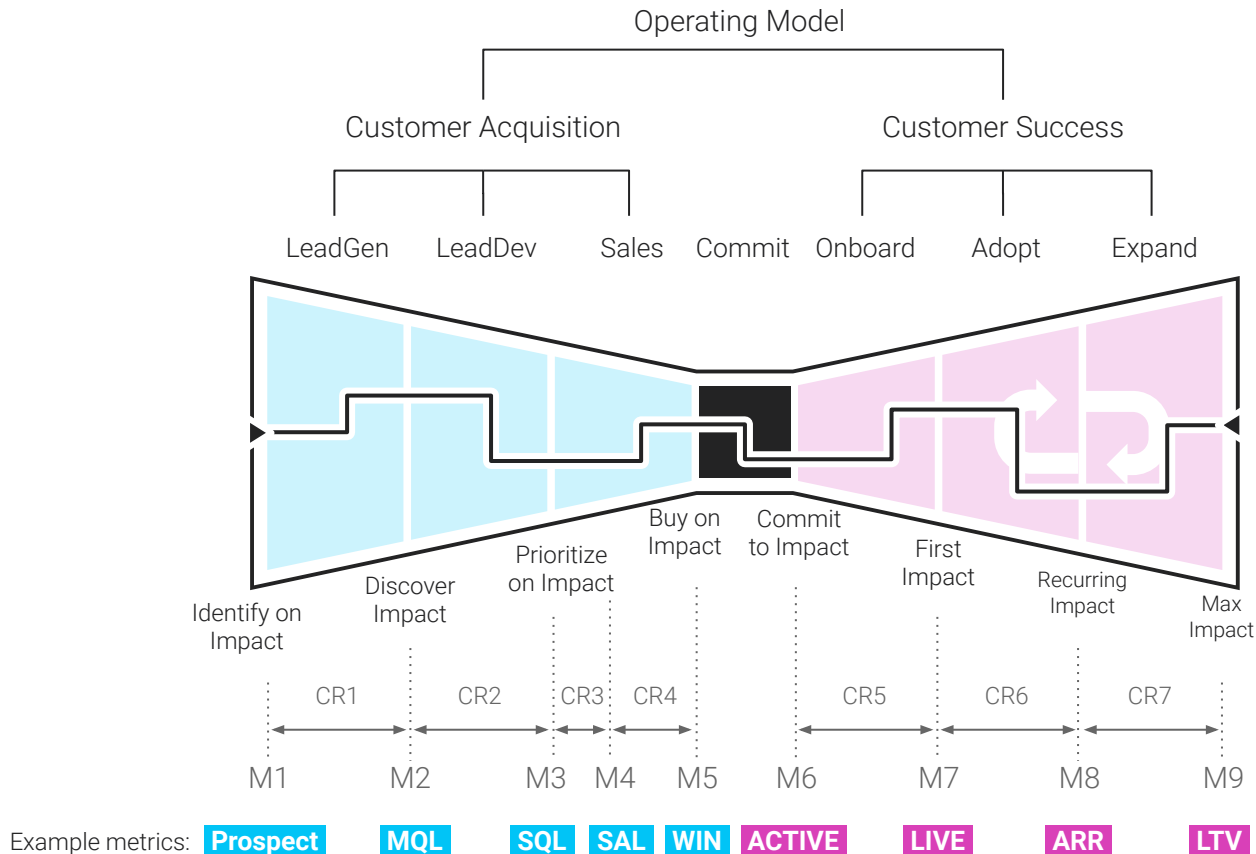
There are three kind of metrics to run a business:

M1-M9. Volume metrics are in part indicative of effectiveness. For example; ARR, the amount of customers, etc.

CR1-CR7. Conversion metrics are in part indicative of efficiency. For example: Retention Rate, Usage etc.

These standardized metrics allow us to calculate performance metrics.

PM1-PM4. Whereas Conversion metrics are based on metrics in the same domain, Performance metrics compare a variety of metrics against each other such as Cost and Lifetime Value.



Four Core Metrics That Govern Success in Recurring Revenue

LTV:CAC Ratio

The Customer Lifetime Value (LTV) to Customer Acquisition Cost (CAC) ratio measures the relationship between the lifetime value of a customer and the cost of acquiring that customer.

Key metrics:

- Annual Revenue (VM5)
- Onboarding Churn (CR5)
- Retention/Churn (CR6)
- Expansion/Contraction (CR7)
- Length of the contract (t7)

Net Revenue Retention

Measures how much your annual (ARR) or monthly recurring revenue (MRR) has grown or shrunk over time.

It factors in customer expansion as well as revenue churn from losing a customer as well as downgrades.

Key metrics:

- Annual Revenue (VM5)
- Onboarding churn (CR5)
- Retention/Churn (CR6)
- Expansion/Contraction (CR7)
- Length of the contract (t7)

Growth Rate

Growth rates refer to the percentage change of recurring revenue within a specific time period, often a year.

Common growth rates are:

- Rapid Growth 10-20%
- Hypergrowth 20-40%
- Double/Triple 100%/200%
- Blitz Scaling: >1000%

Key metrics:

- Growth from Acquisition
 - CR1, CR2, CR3, CR4, Discount
- Growth from Expansion
 - CR5, CR6, CR7
 - Length of the contract (t7)

Rule-of-40

The Rule of 40 states the combined revenue growth rate and profit margin should equal or exceed 40%.



SaaS companies above 40% are generating profit at a rate that's sustainable, whereas companies below 40% may face cash flow issues.

Key metrics:

- Growth Rate
- Profit (Cost)
 - Customer Acquisition Cost
 - Cost To Serve
 - Cost of Raw Goods

CUSTOMER SUCCESS OPERATING MODEL

A Blueprint

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| 03 | <u>Onboarding</u> |
| 04 | Adoption |
| 05 | <u>Expansion</u> |
| 06 | Skills |

Introduction



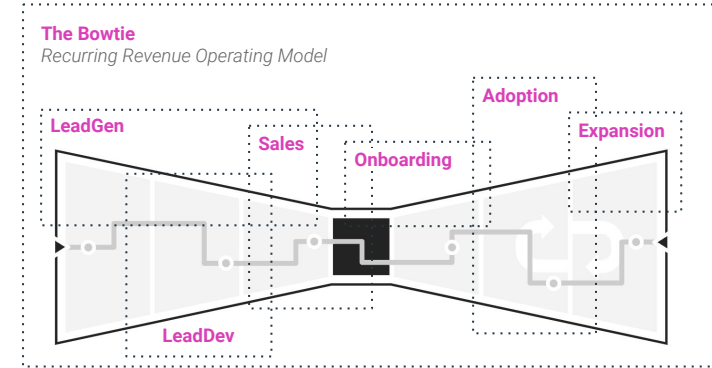
A Uniform Operating Model for a
Recurring Revenue Businesses

The 3 Goals of the Operating Model for Recurring Revenue:

- Goal 1. Establish a common, and customer centric, language.
- Goal 2. Apply standardized metrics to allow for benchmarking.
- Goal 3. Create Interoperability between different functions.

It is based on the following steps:

- Step 1. Use of the bowtie to model the entire customer journey.
- Step 2. Split up the customer journey in phases.
- Step 3. Establish key metrics for each phase [M, CR, PM].
- Step 4. Identify a handful of Moments that Matter per phase.
- Step 5. Create a Blueprint for each of these moments.
- Step 6. Codify SPICED into a Blueprint so it can be trained, improved, etc..
- Step 7. Measure metrics [M, CR, PM] and improve over time



The key functions are:

1. Lead Generation
2. Lead Development
3. Sales
4. Onboarding
5. Adoption
6. Expansion

Introduction

IN

The 2023 Blueprint format explained.

The location of where you are at:

- The CS Operating Model
- In the Onboarding Playbook
- Handoff to Customer Success
- Blueprint 01
- Large numbering allows you to navigate easily in the slide sorter.



Clear description of the action and what it does. Handoff to CS is to Transfer critical account info

The goal of each blueprint is clearly stated upfront.

The banner provides a visual cue to actions that are identified as a moment that matters.

CS Operating Model - Onboarding Phase

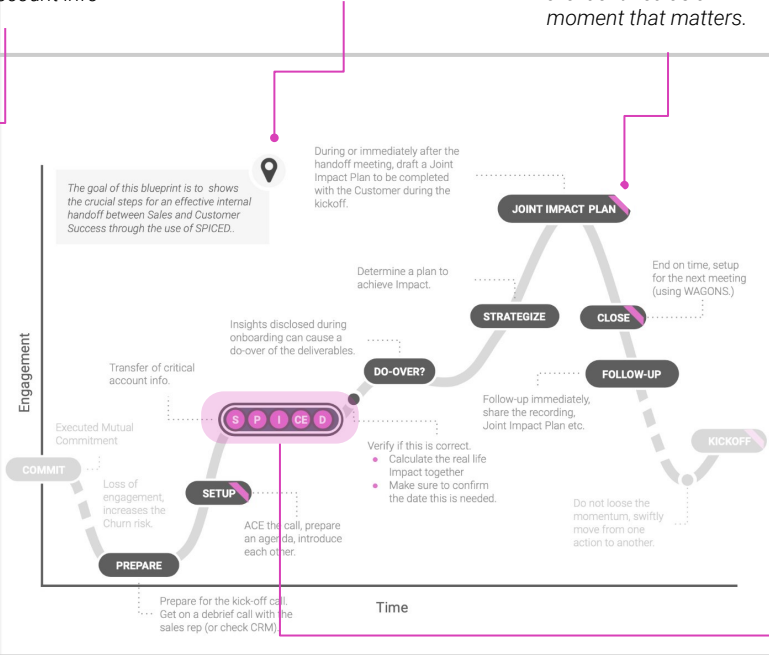
Handoff to CS

01 Effectively transfer critical account information.

A smooth and effective customer handoff from the Sales team to the Onboarding and CS team is critical. It helps the customer experience and, ultimately, your business outcomes.

Ensure Sales teams are accountable for completing detailed handoffs to the Onboarding and CS team before they move on from the account. Best practices for good handoffs include:

- Complete the handoff as close to commit as possible while the information is still fresh.
- Transfer critical account info using SPICED™ including crucial details about topics like org structure, personas, and red flags.
- Use clear handoff guidelines to ensure all team members know:
 - ❑ Who bought from us?
 - ❑ Why did they buy?
 - ❑ What were they doing before?
 - ❑ Why was that not working for them?
 - ❑ What was the problem to solve or avoid?



Reference to the next action and blueprint in the customer journey.

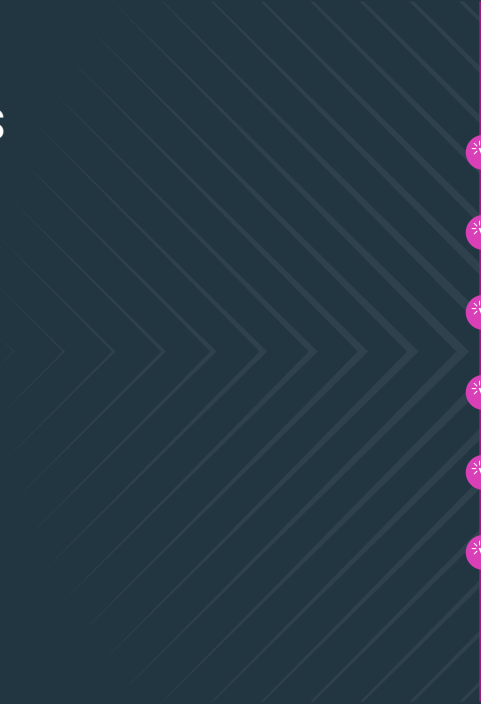
Presence of SPICED, the framework which creates interoperability between blueprints.

Expertise broken down into a series of steps, actions, best practices etc.

Visual that guides you through the experience as a function of customer engagement over time.

CUSTOMER SUCCESS
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Onboarding

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Overview Onboarding

00 Following the mutual commitment the relationship has changed: *You are all on the same team now.*

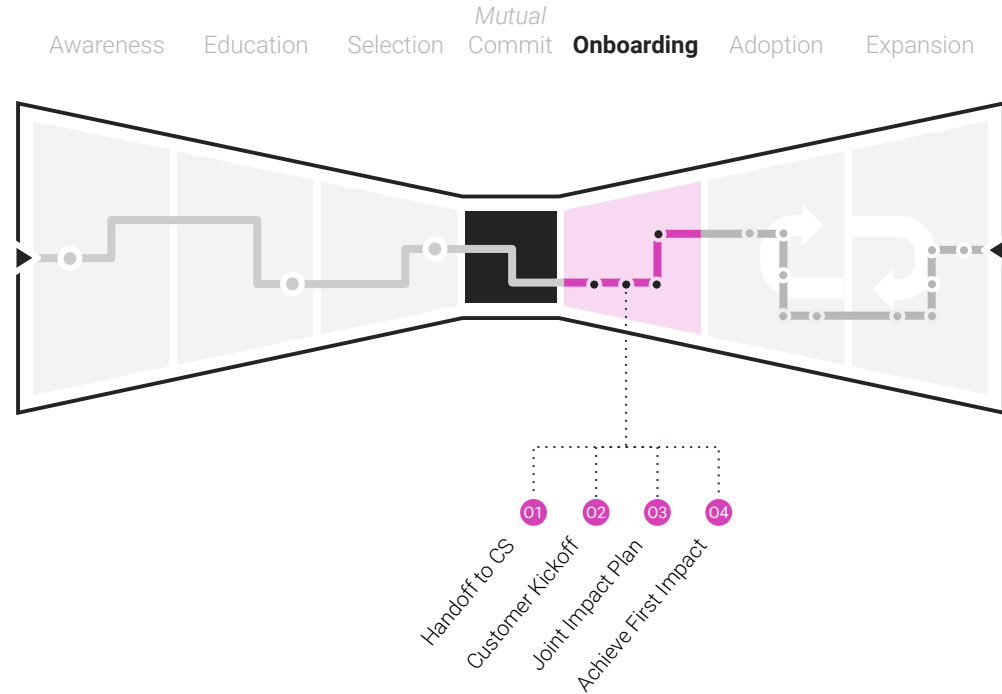
The customer onboarding phase is arguably the most critical part of the customer journey as it lays the foundation for the relationship. Unfortunately, it is also the easiest to do wrong.

Avoid using a “check-the-box” mentality in which both teams focus on the tactics of completing an onboarding checklist without really understanding the pain to solve and the Impacts to deliver.

If you don't know what Impact you're working to achieve, it will be tough to deliver it. To ensure you set your customers and your business up for success, make sure to embed these best practices in your customer Onboarding journey:

- 01.** Handoff to CS
- 02.** Customer Kickoff
- 03.** Joint Impact Plan (aka Success Plan, Account Plan, etc.)
- 04.** Achieving First Impact

Getting these motions right will directly impact your customer retention and expansion. It can provide critical insights to your sales and marketing teams to help them set great expectations with prospects.



CS Operating Model - Onboarding Phase

Handoff to Customer Success

01

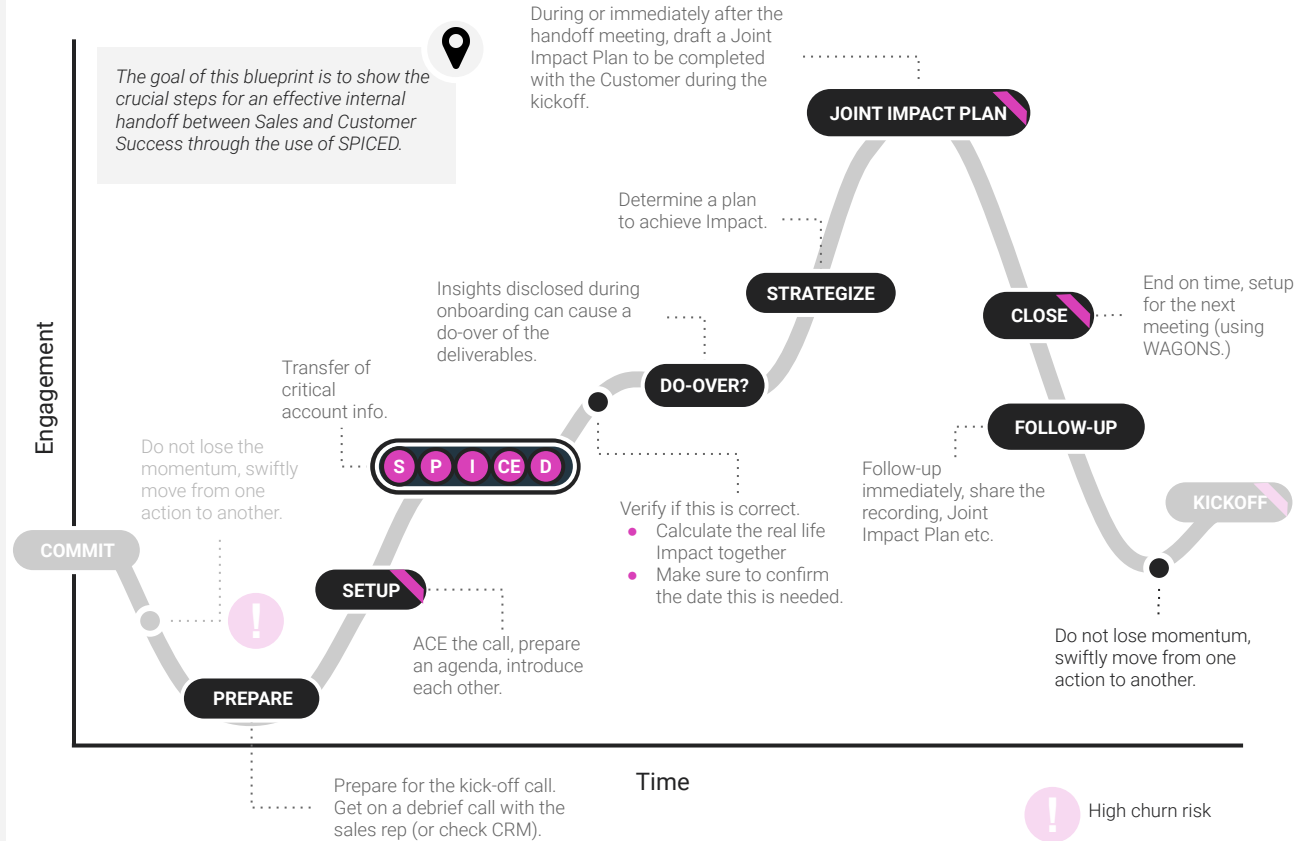
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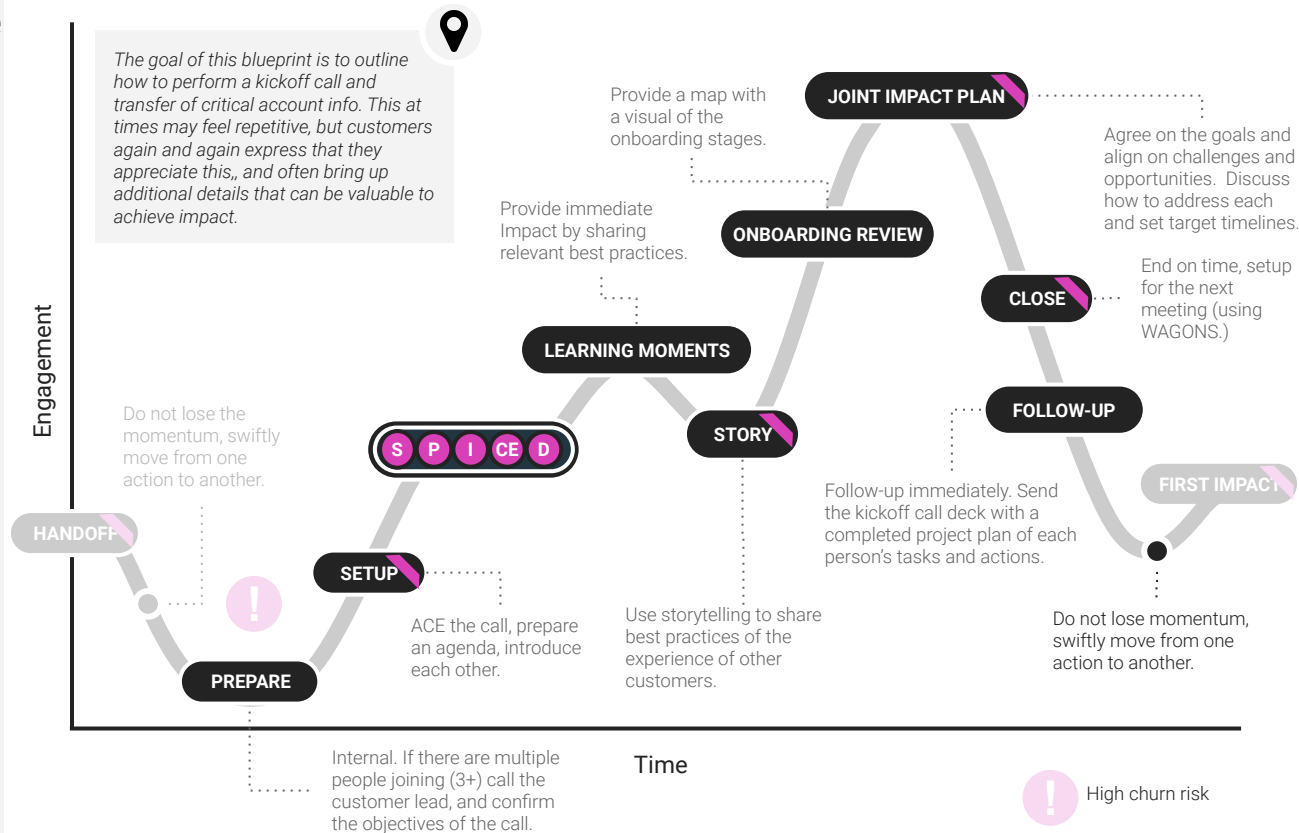
1. Complete the handoff as close to commit as possible while the information is still fresh.
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- ❑ Why was that not working for them?
- ❑ What was the problem to solve or avoid?



02 Start the relationship off strong with an effective Kickoff call.

1. Research the attendees ahead of the call, so you know the titles and the context they have about the engagement.
2. Start the meeting by aligning on goals and confirm whether the attendees have other plans or expectations.
3. Be curious and listen. This isn't about you talking; it's about asking questions and hearing additional critical details that can set you up for success.
4. Set expectations around roles & responsibilities on both sides, and share keys to success and common pitfalls. Explain what working with your organization will look like over the first few months and beyond.
5. Start your close no later than 5 minutes before the end time. Ensure there are clear next steps and assigned action items.



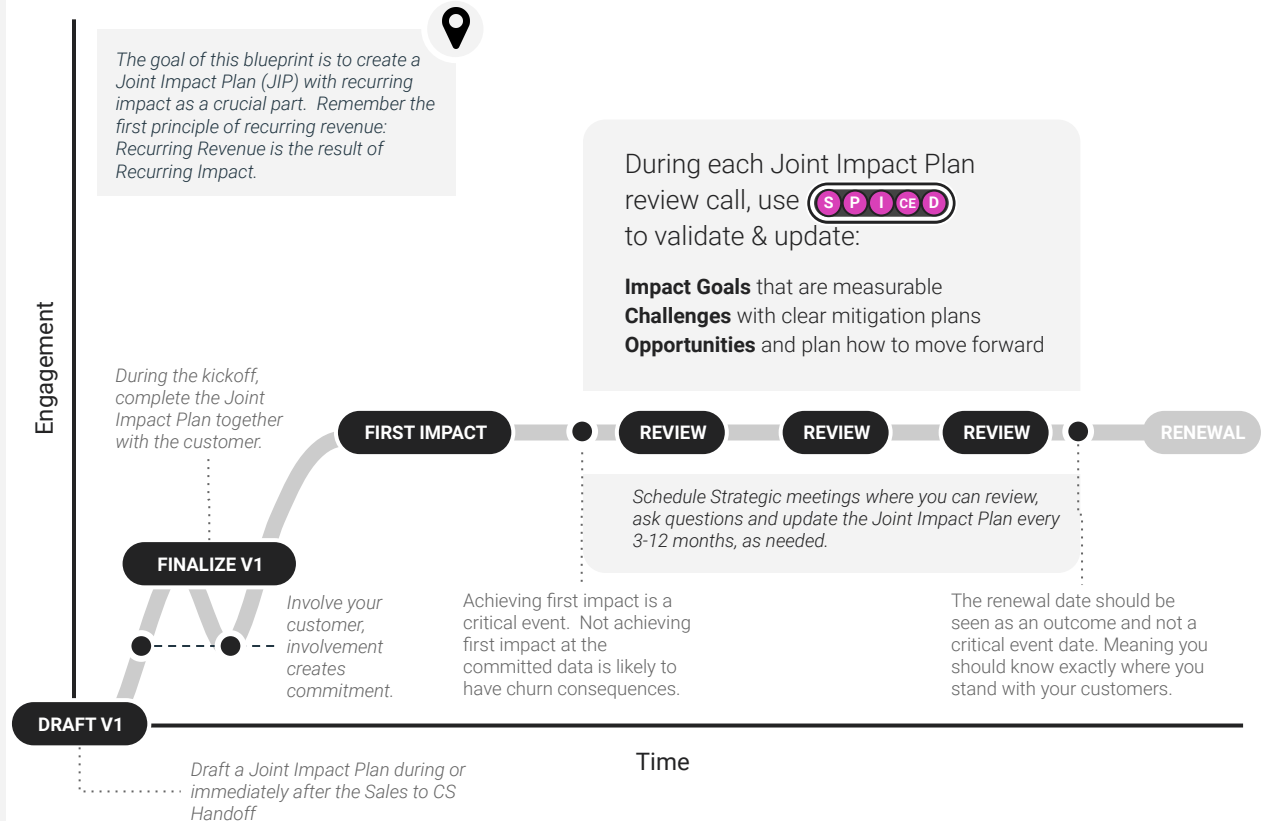
Joint Impact Plan

03

Create a shared *north star* that guides the customer relationship.

The Joint Impact Plan (JIP) is a customer-facing document that guides the entire ongoing engagement. Whether you refer to it as a JIP, a Success Plan, part of an Account Plan, or something else, the important thing is that it lays out clear goals and is created collaboratively with the customer.

1. Include details of short and long-term goals, such as the First Impact goal to achieve during Onboarding; adoption goals, internal organizational management goals, etc.
2. Use the JIP to discuss challenges openly with your champion, such as how to convert detractors, recognize change management challenges, etc.
3. Use the JIP to discuss opportunities openly with your champion, such as the goals they have for their org, the chance to unseat a competing product, etc.



First Impact

04 Deliver First Impact Quickly to Build Confidence.

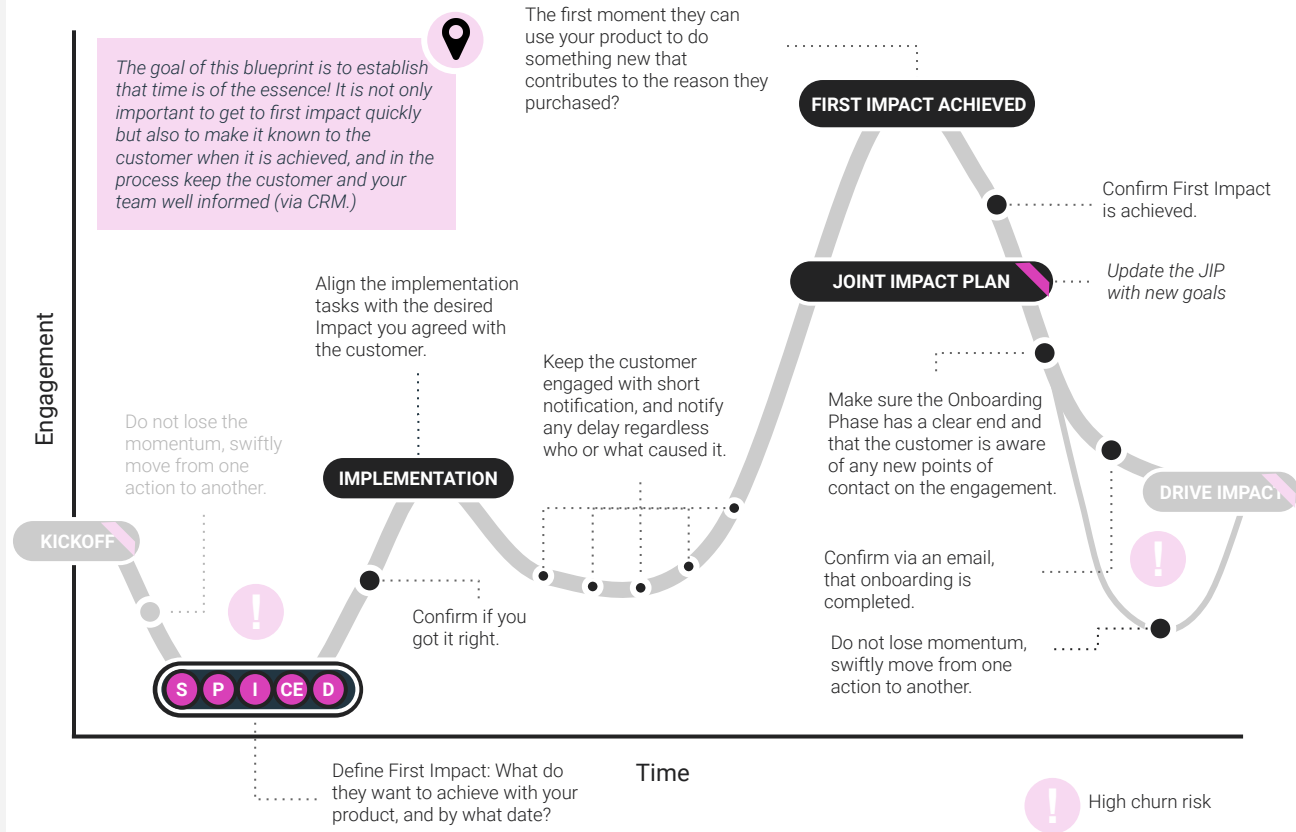
First Impact refers to the moment the customer achieves tangible Impact through the use and adoption of a product or service. The First Impact must be clearly defined at the beginning of the engagement and ideally goes beyond a simple login. To drive this conversation, you need to understand the various Impact a customer wants to achieve, prioritize them, and choose a "First Impact."

Achieving First Impact will signal the end of the Onboarding phase. It does not mean that your implementation work is complete. It simply means that an initial milestone towards a larger goal is achieved.

Examples of First Impact definitions:


- Downloading a report for the first time
- Completing a task in the system

Time to First Impact is the time it takes for a customer to achieve First Impact as defined during the Business Kickoff meeting, usually measured in days. Research has shown that customers with shorter Time to First Impact are generally more successful, and their likelihood of churn is much lower than those with longer Time to First Impact.



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Adoption

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Overview Adoption

A0 To help a customer adopt and use a service to unlock the impact, does not come natural to hypergrowth teams.

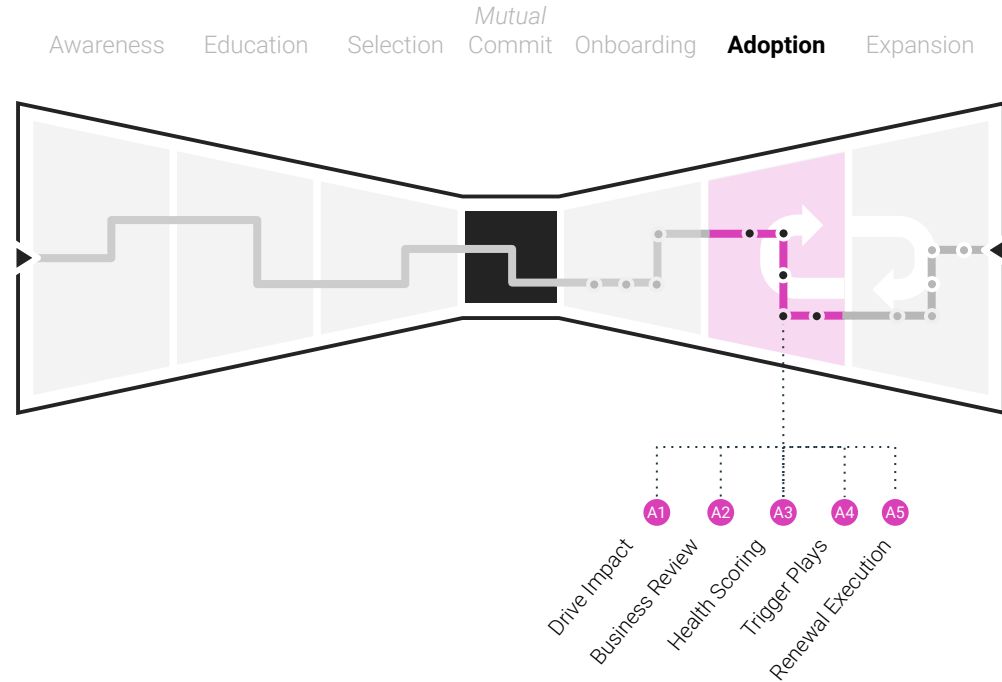
The Adoption Phase of the customer journey is where your customers will spend most of their time. It's critical during this phase to set up a proactive meeting cadence appropriate to the size of the customer and to establish ways to surface risks and opportunities as early as possible.

By establishing the following critical components as part of your Adoption Phase, you can ensure that teams are focused on delivering ongoing Impact efficiently and effectively.

There are five crucial actions part of the adoptions process:

- A1.** Drive Impact Process
- A2.** Business Review
- A3.** Health Scoring
- A4.** Trigger Plays
- A5.** Renewal Execution

A proactive, repeatable approach to managing accounts will instill confidence in your customers, allow your team members to focus and prioritize, onboard new team members more quickly, and support scalability and positive business outcomes.



Drive Impact Process

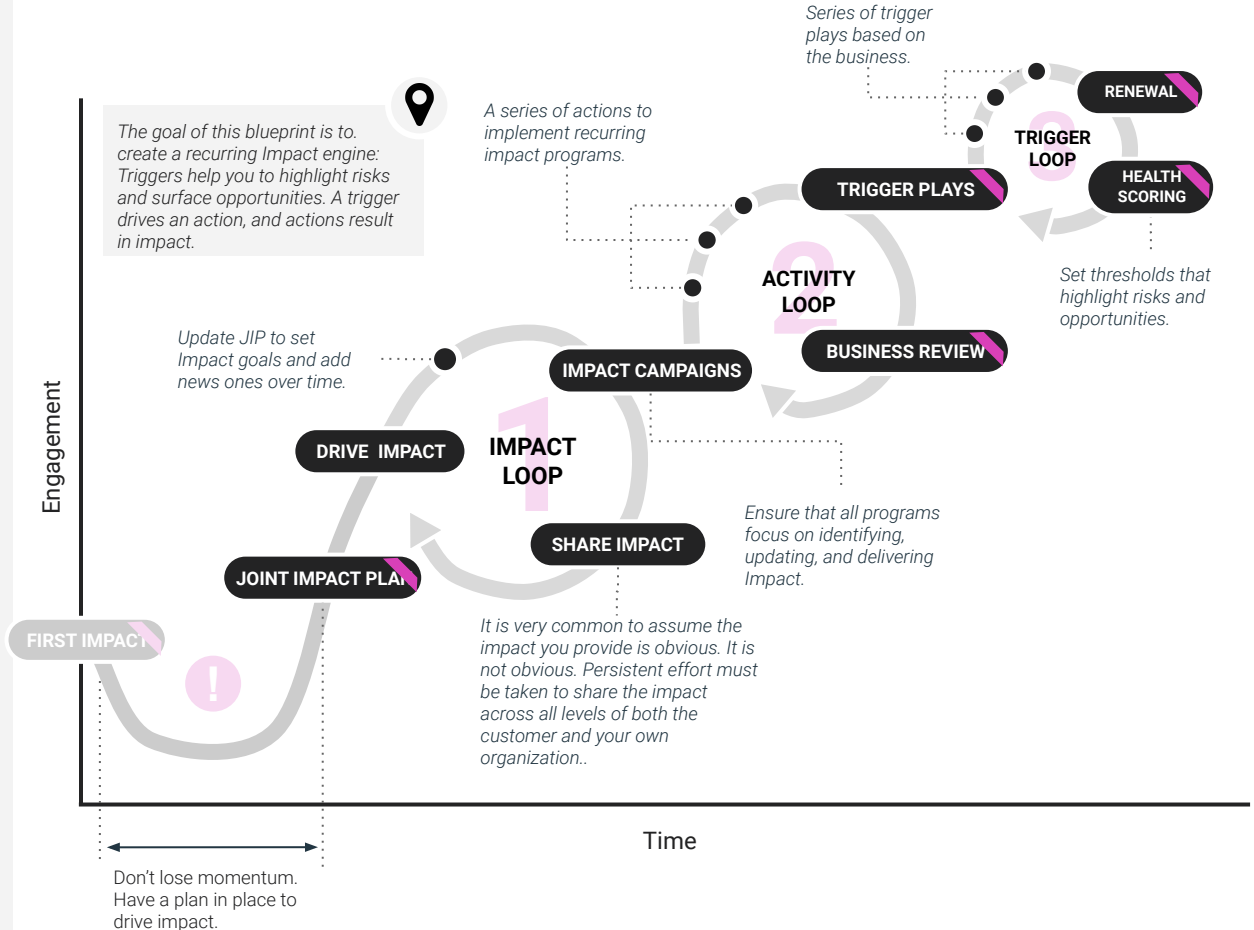
A1 The *north star* that keeps you and your customer focused

The goal of a Recurring Revenue service is to provide customers with recurring Impact. The Impact will not happen by itself. Three loops form the Impact Engine:

1. The *Impact loop* drives recurring Impact based on proven impact programs.
2. The *Activity loop* is where activities take place that results in Impact.
3. The *Trigger loop* allows the surfacing of risks and opportunities in an account.

The Joint Impact Plan (JIP) orchestrates the various actions that drive the Impact. JIP uses SPICED across all actions to guide the proper conversation with the customer around Impact.

This allows you to train all customer-facing roles on how to drive Impact by asking good questions, listening, tracking adoption, measuring engagement, and responding to emails and surveys, participating in events, etc.

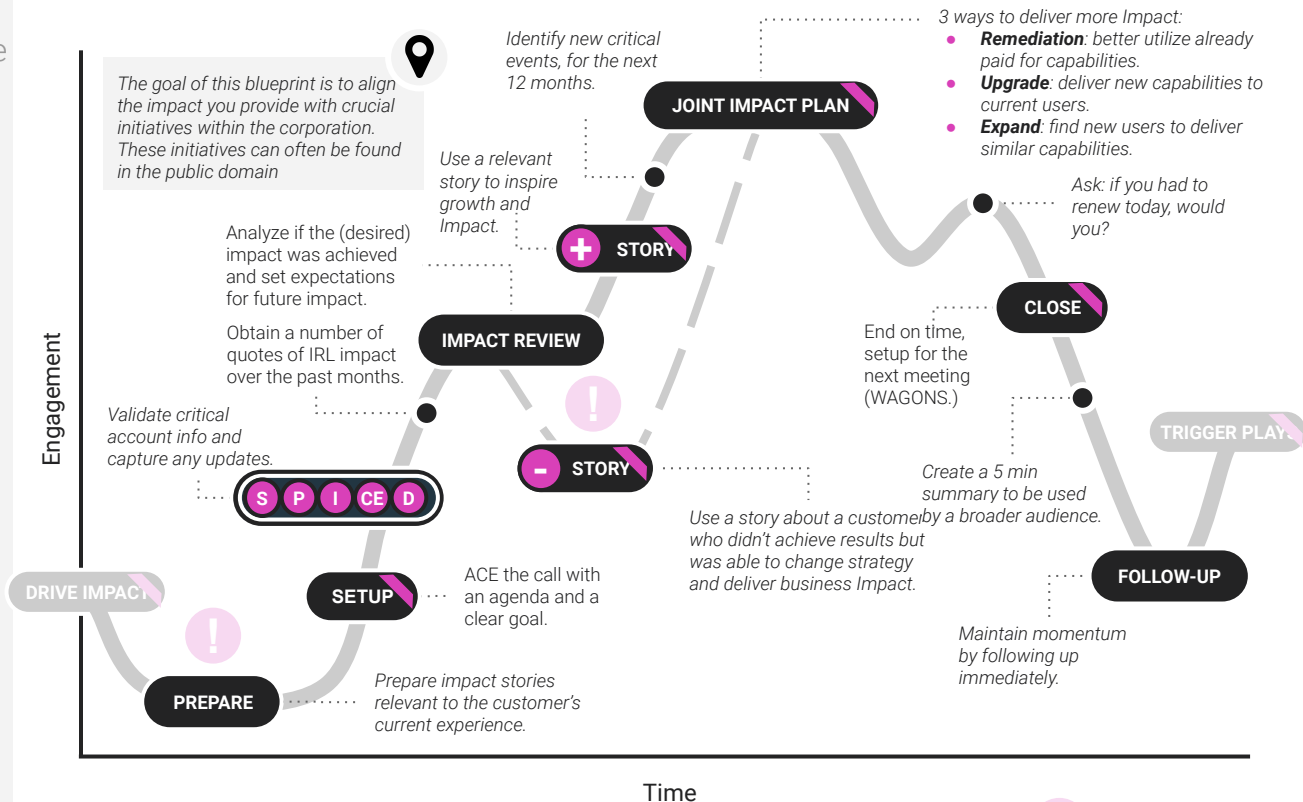


A2

Analyze if impact was achieved and set future impact expectations.

When asking for an executive's time, you must provide value. Use this blueprint to structure your EBR. Use storytelling and active listening to get the most out of the interaction while benefiting the executive.

An EBRs is much more than a summary of past operational meetings. An EBR should be used to align the impact you provide with the company's strategic interest for the next 12 months.



 High churn risk

Trigger Plays

A3

Trigger Plays allow teams to react quickly to common scenarios

There will always be situations that take an account off the ideal customer path. Sometimes there are risks to a renewal and you have to mitigate to save the account. Sometimes an opportunity will surface that needs to be acted upon quickly.

There are some risks and opportunities that are common, and while you can't plan when they happen, you can prepare for when they do occur.

As a team you need to set Triggers for each of the most common Risks, and Opportunities following a *If This Then That* (IFTTT) format.

Example:

Trigger: If the Champion leaves then..

Action 1. Send out an introduction and schedule a discovery call with the person that replaces them. Provide insights on the impact offered over the past and next 12 months..

Action 2. Follow your Champion and see where they are going to land, as it likely may become a new opportunity for your sales team to pursue.

The goal of this blueprint is to identify a risk to the account or surface an expansion opportunity. This allows you to set a trigger play to mitigate the situation or address the opportunity.

Surface an Opportunity

- Over usage
- Team Growth
- Market Opportunity
- M&A Event
- Etc.

+ TRIGGER

Identify a Risk

- Champion Change
- Account Gone Dark
- Drop in Usage
- M&A Event
- Etc.

- TRIGGER

ACTION

Proven action(s) against the trigger.

IMPACT

Measure the impact of the actions taken.

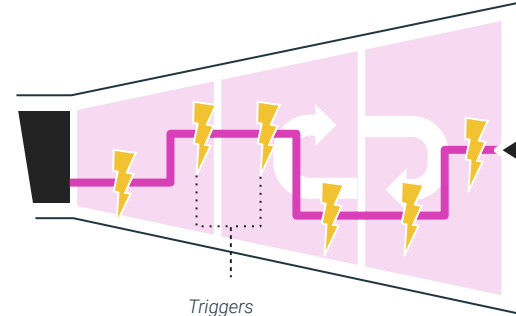
STORY

Record completed Trigger Plays as a pocket story using SPICED. This creates a reference for other team members.

Onboarding

Adoption

Expansion



Health Scoring

A4

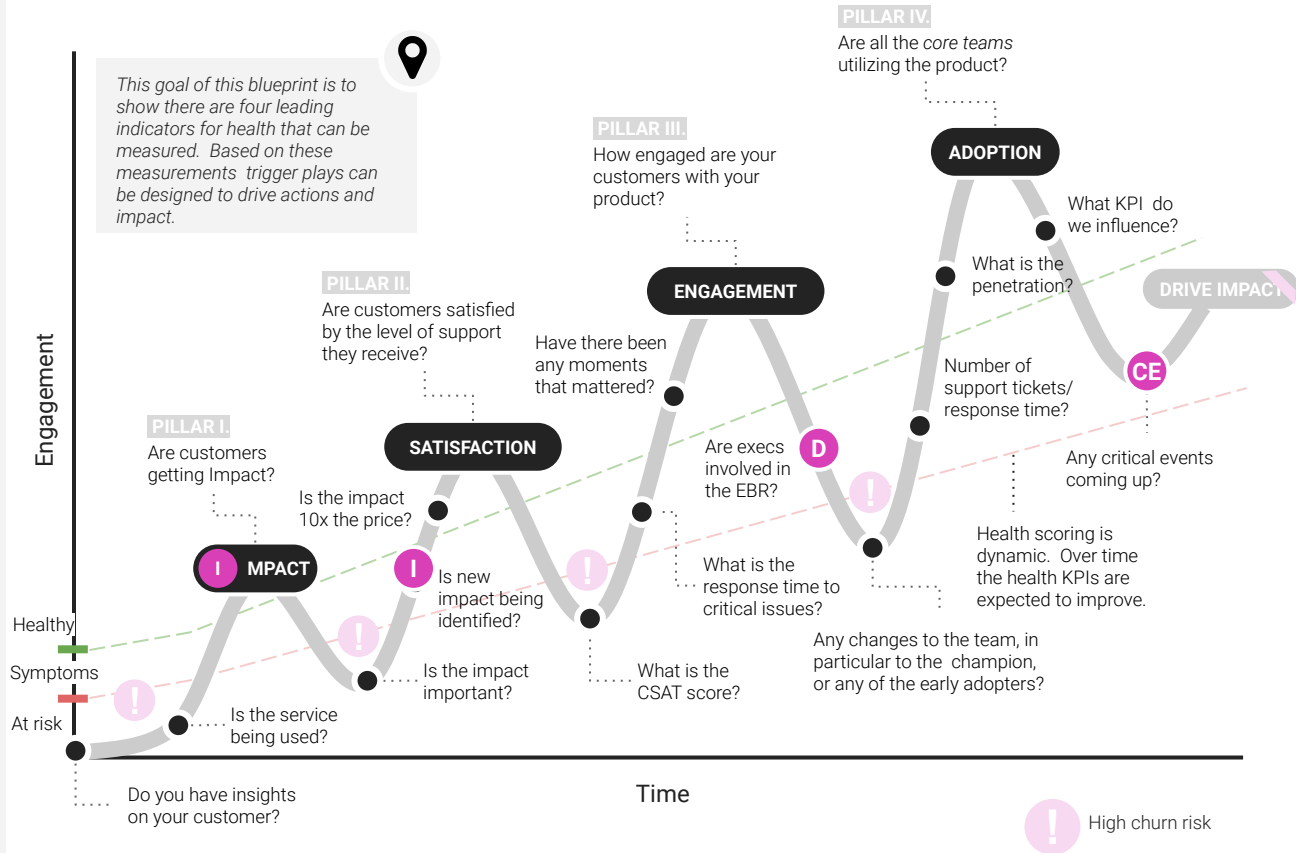
Use leading indicators to provide guidance on what to do.

Health Scoring is a great way to use patterns to highlight potential risks or opportunities for an account. While Health Scoring is not meant to be a diagnosis tool, it can highlight symptoms and help your teams know what accounts may need attention and where to look to get more information.

Health Scoring should be based on patterns unique to your product(s) and customers, and can be balanced between system indicators like a rise or fall in product usage, and qualitative indicators discovered through conversation.

When developing your score, it's important to involve Leadership, Product & other teams to create a simple scoring method for the organization.

TIP: Start with a single metric for each pillar



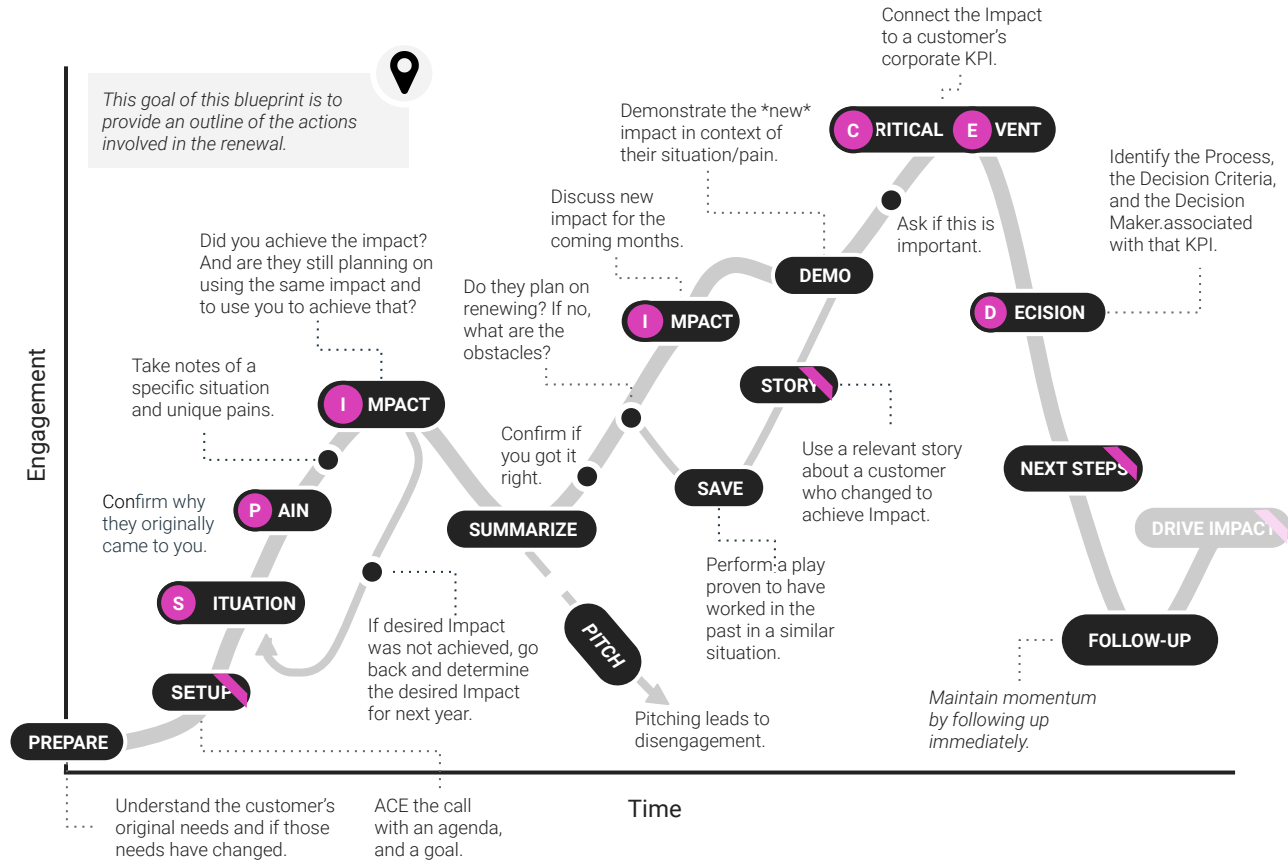
Renewal Execution

A5 Renewal is a strategic moment that presents lots of opportunities.

Many organizations approach renewals as an operational moment marked by paperwork and boxes ticked off. However, we encourage you to consider renewal as a strategic moment.


- If you have been delivering Impact consistently, exploring potential expansion opportunities is only natural, even more so this is an opportunity to expand the business.
- From a revenue perspective, adding just 3% annually to a customer contract will cause the LTV to compound year over year, contributing more to your revenue with each renewal. Here are a few reasons to add revenue:
 - Annual price increase.
 - True up floating users/usage.
 - Upsell new features.
 - Expand your network with the customer.

Start the process around six months ahead of the renewal date to provide time to develop an opportunity or mitigate any account risk.



CUSTOMER SUCCESS OPERATING MODEL

Expansion

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- 01 Introduction
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 - 05 Expansion
 - 06 Skills

Overview Expansion

E0 The way to achieve sustainable growth is through expansion from existing customers.

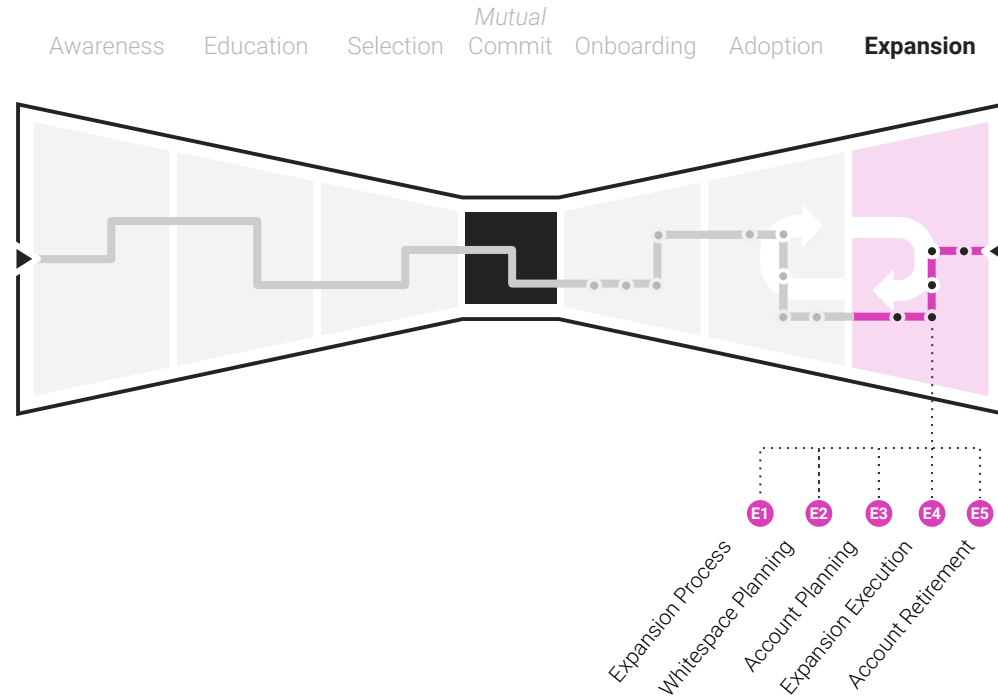
Sustainable and profitable recurring revenue businesses must grow the amount of revenue from existing accounts beyond their initial contract value. This is referred to as expansion.

Whether expansion is owned by your CS team, Sales team, or a dedicated account team, the motion depends on whether the customer is getting recurring impact.

Customers need robust onboarding and support during adoption to be candidates for expansion. Regardless of ownership, all team members with any role on the right side of the bowtie depend on each other and need effective and robust collaboration. The following key components are critical to successful expansion motions:

- E1.** Expansion Process
- E2.** Whitespace Planning
- E3.** Account Planning
- E4.** Expansion Execution
- E5.** Account Retirement

The above actions, when used in conjunction with actions from the Adoption Phase, will ensure you build a scalable and effective recurring revenue engine for your organization.



Expansion Process

E1

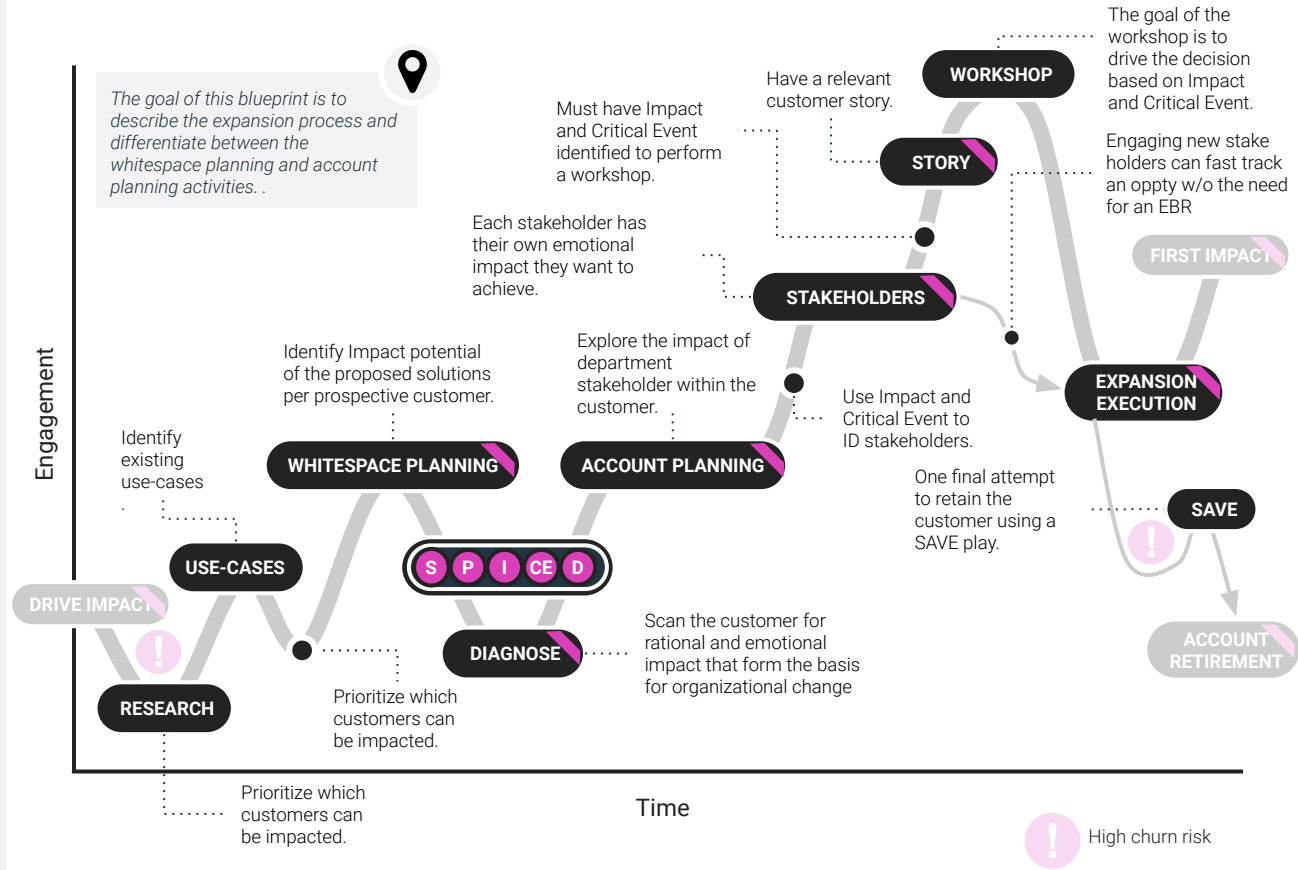
Selling to existing customers accelerates growth.

In a Recurring Revenue business, it is vital to grow the business beyond what a customer bought initially. Expansion does not have to be reactionary on a customer's needs.

Whitespace planning is a process that identifies the additional needs for products and services outside the original scope based on the impact a customer needs.

Whitespace planning can be performed by the CS team, the Sales team, or assigned to a dedicated Account Management team.

Whitespace planning is a way to quantify the revenue potential of an existing account, while Strategic Account Planning details the approach to go after that whitespace.



Whitespace Planning

E2 The use of Impact and Critical Event to assess the opportunity.

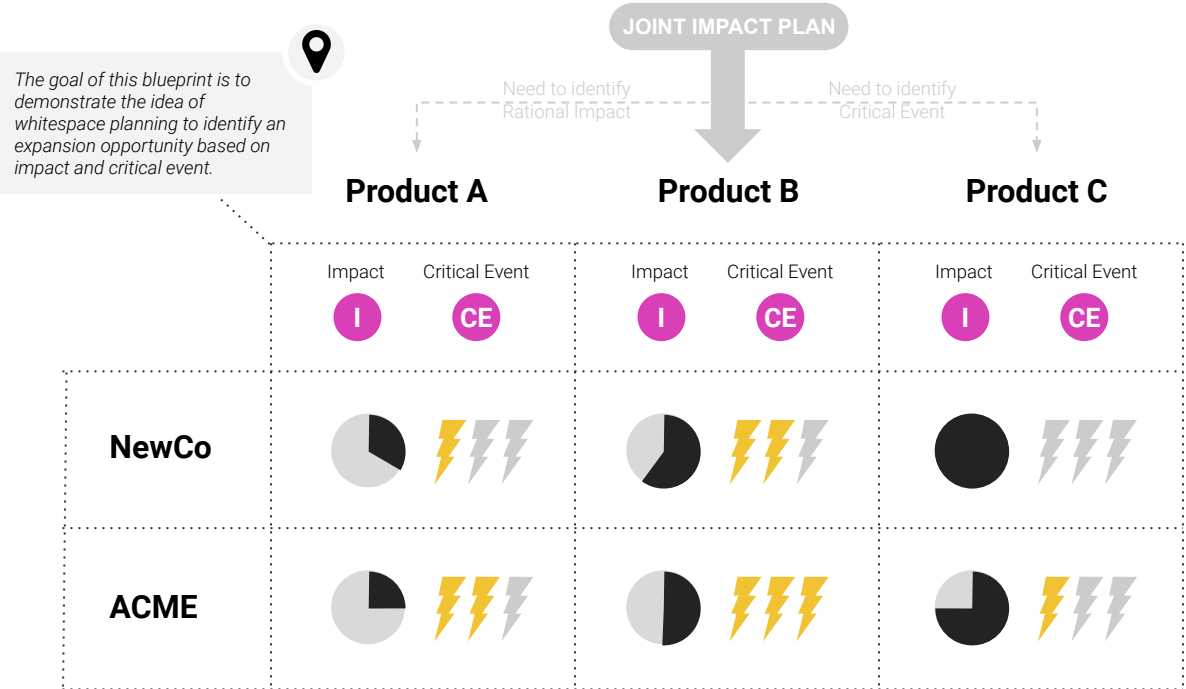
Today, most whitespace planning is based on a combination of the situation (S) and Pain (P) such as F500 rank or number of employees. Instead we recommend to prioritize whitespace planning based on a combination of:

- **Impact:** How much money do we save, or revenue can we grow for our customer
- **Critical Event:** What is the sense of urgency that drives the decision timeframe.

In the example the combination of Impact and Critical Event shows that Product B has the largest upsell potential. Whitespace Planning can be expanded by:

- **Decision Process:** Do you have a good understanding of the customers' org structure, know the emotional impact of various decision makers, and understand whether you can help achieve those.

Input from all those working with the customer will improve the accuracy of your information.



Product A lacks the impact, missing the RoI, although there is some sense of urgency.

Product B combines both a high level of impact, and it has a critical element.

Product C has a high impact, but there is no sense of urgency, as it lacks a critical event.

Account Planning

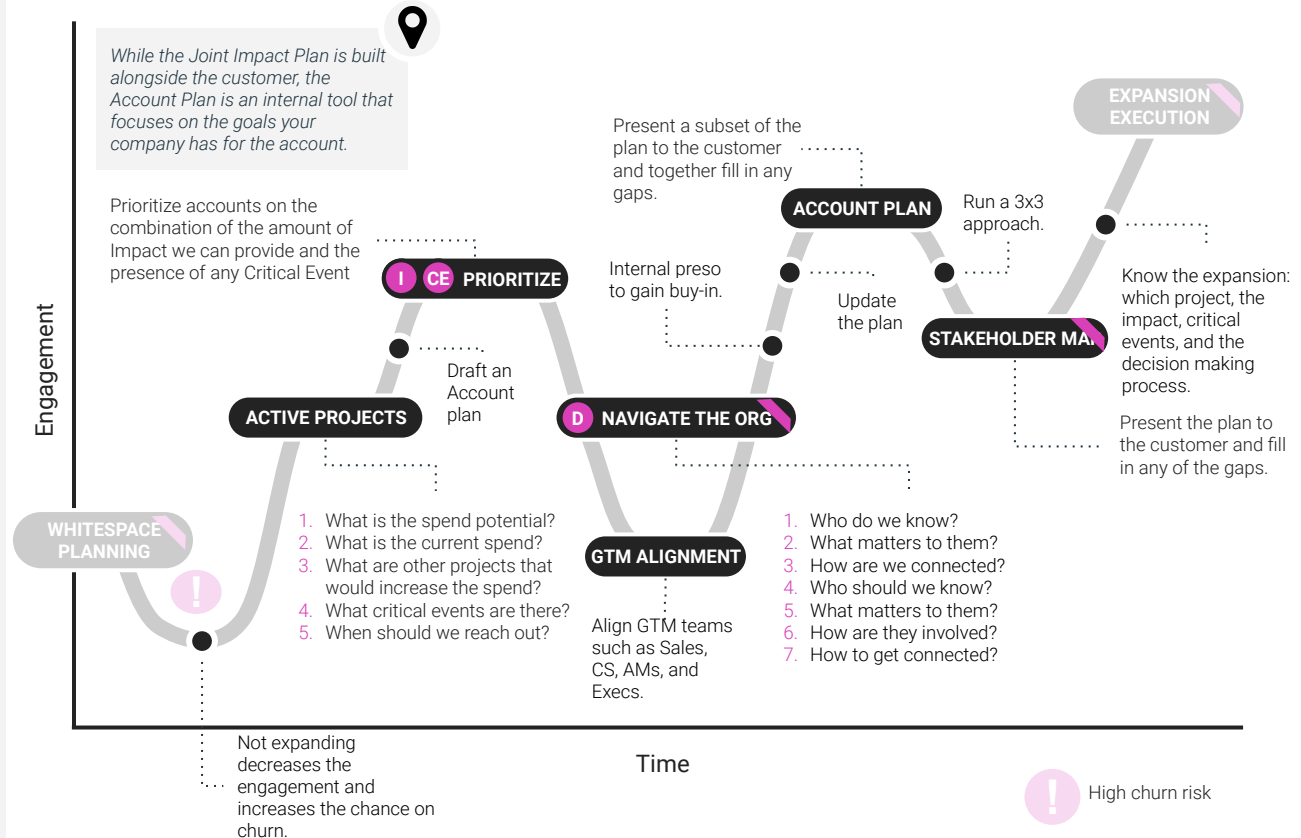
E3 Coordinate all Account Activities around Customer Goals

Account Planning is the process of managing an account with the aim to retain or grow recurring revenue from that account. Account Planning can be simplified to three key elements:

- **Impact:** Identify the rational impact that a customer will gain from your product.
- **Critical Event:** Prioritize projects based on the presence of a critical event.
- **Decision Process:** Who is involved and what matters to them (emotional Impact)

These elements must be captured in a simple account plan. The account plan is a living document that evolves over time.

Important: As accounts get bigger, an increasing amount of resources will be involved. This may even include feature request or dedicated support. When this happens, internal selling grows in importance. This highlights the importance of the Account Plan and the planning process.



Expansion Execution

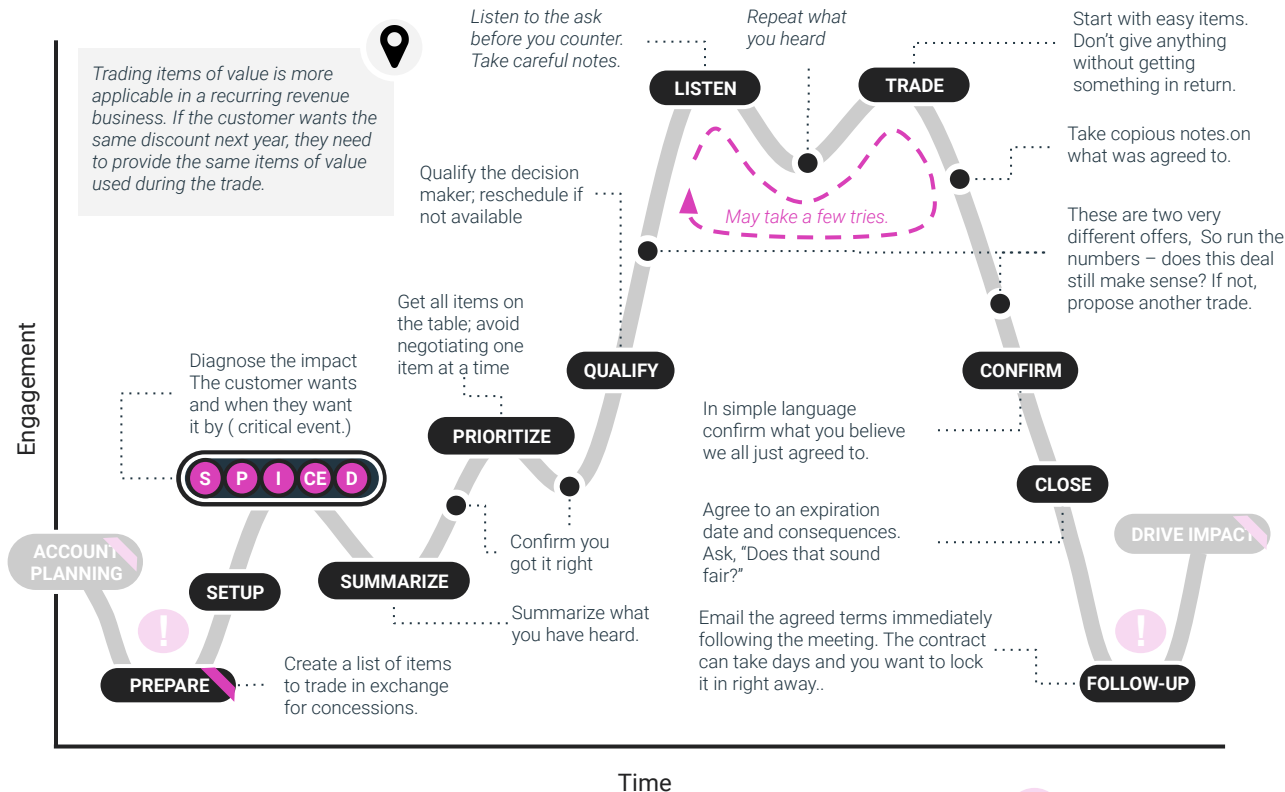
E4 There is no negotiation in recurring revenue operations. Trade!

There is no need to negotiate with recurring revenue customers. They are your customers; if you do not deliver, they will unsubscribe or downgrade their service.

It requires thinking about trading items of equal value during the expansion execution process.

1. Get all negotiation items on the table.
2. Listen carefully and take notes.
3. Repeat what you heard: "So if I got this right___"
4. Ask, "Is there anything else?".
5. Prioritize the issues with them.
6. Summarize : "Okay, so you want ___ and ___."
7. Trade: Start w/ easy items, give to get.
8. Make the offer; be clear and concise.
9. If they counter, listen & understand the request.
10. Before you answer, repeat the counteroffer.
11. Make small adjustments.
12. When you reach an agreement, repeat it back.

If they ask for more: "That changes the deal."



Account Termination

E5

Ensure you have a clear process for when an account terminates

While losing accounts is never something we want to happen, there will be customers that terminate their engagement with you. It's important to have a clear, detailed plan for what to do in that situation.

On a strategic level, make sure you're capturing detail about why they are leaving. Sometimes it's due to circumstances out of your control, but if it has something to do with your product or a lack of impact, use this opportunity to get as much detail as possible about how you could have better served them. Share that information with the appropriate teams.

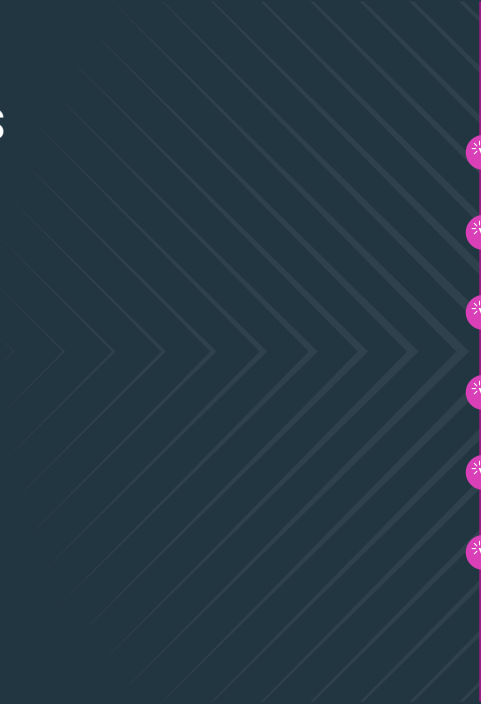
Also make sure that at an operational level, you have a detailed checklist of tasks to be completed when an account terminates, such as access to tools, updates to systems, etc.

Account Termination Checklist:

- ❑ Connect with the Finance/Legal team to ensure you're clear on the date the access should be turned off
- ❑ Work with your Support/Dev team to turn off access to systems on that date
- ❑ Update all systems, including your CRM, CS Tool, etc.
- ❑ If there are any customer email lists they need to be removed from, make sure that happens
- ❑ Gather details about WHY the customer is leaving, and make sure those details are captured in the right system
- ❑ If possible/appropriate, ask the customer for a few minutes to do a quick "exit interview" to provide color on why they left, and any input/suggestions for you. Make sure to thank them for their partnership and end the conversation on a positive note
- ❑ If there are churn reasons that other teams should be aware of (e.g. product input for the dev/product team, Sales or CS input, etc.) make sure that is circulated
- ❑ If your marketing team or CS team has a list of former customers that they try to stay in touch with for key updates (tailored to them as former customers) make sure the right email addresses are on that list

CUSTOMER SUCCESS OPERATING MODEL

Core Skills

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- 01 Introduction
 - 02 Core Elements
 - 03 Onboarding
 - 04 Adoption
 - 05 Expansion
 - 06 **Skills**

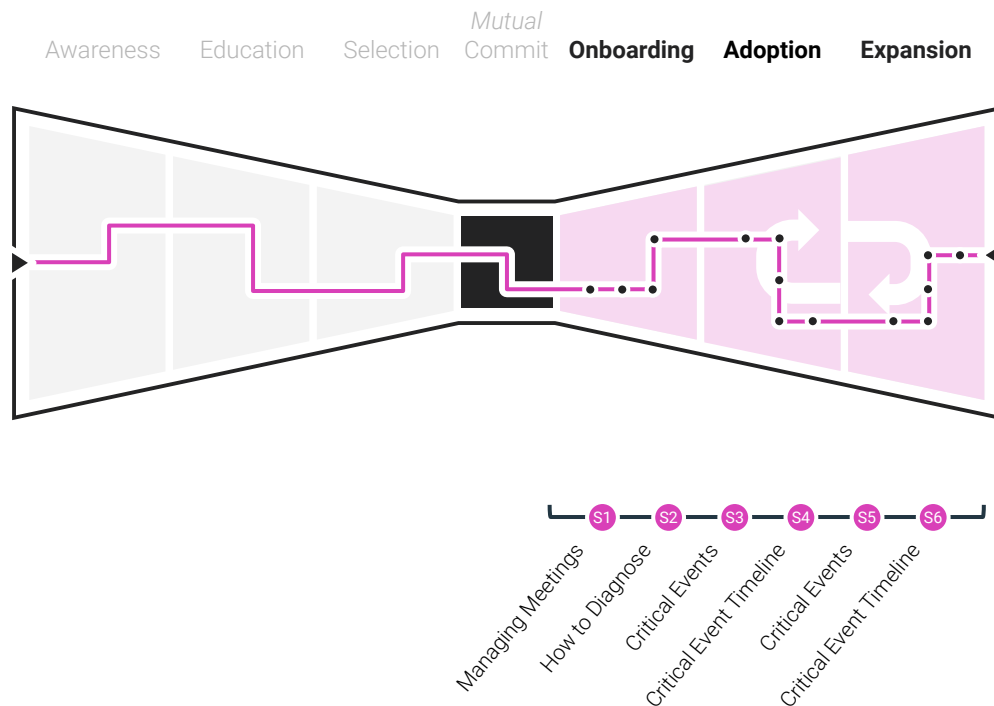
SO The only way to achieve sustainable growth is through expansion from existing customers.

In this section, we provide a sampling of WbD Skills blueprints that can be a reference for your teams.

The following blueprints include:

- S1. Managing Meetings
- S2. How to Diagnose
- S3. Critical Event Blueprint
- S4. Critical Event Timeline
- S5. Navigating an Organization
- S6. Share a Customer Story

You can find additional WbD skills blueprints and training videos in the Resources section of our website.

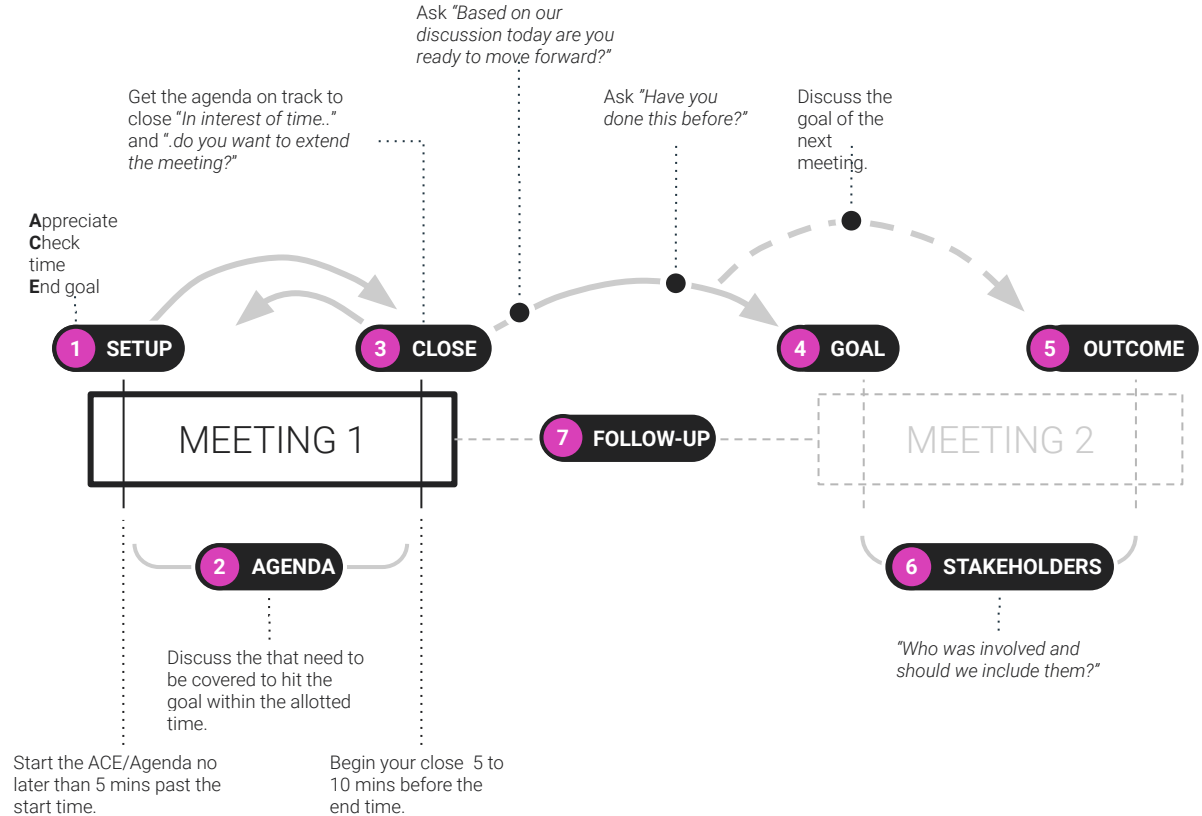


Managing Meetings

S1 The ability to achieve results via meetings is vital to your success.

Most business is conducted via meetings. This makes managing a meeting a critical skill to have. The steps to success are:

1. Setup the meeting at the start with the goal of the meeting and end-time.
2. Agree to a short agenda to achieve the goal and stick to it.
3. Close the meeting on-time to allow for next steps. Do this by first looking back to see *if set goals were accomplished*.
4. Then confirm if everyone is ready to move forward. Agree to what is next
5. Discuss *what* is the outcome of that meeting
6. *Who* should be in that meeting?
7. Agree if this can be done async, or if a synchronous meeting is needed
8. Follow-up diligently

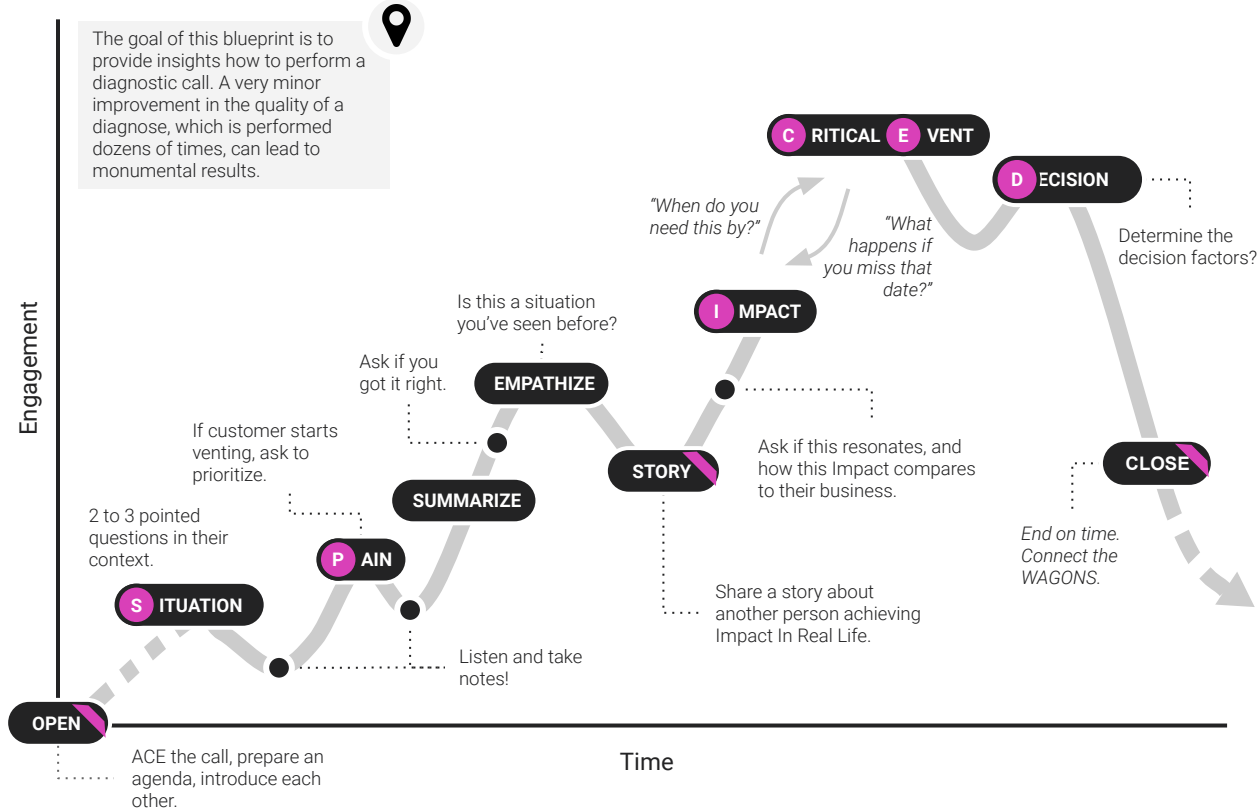


Diagnose Sequence

S2 A step-by-step guide on how to consistently diagnose a customer.

When and why to use SPICED™?

- As a diagnostic guide during customer calls.
- To ensure ongoing alignment with customers and your customer facing teams at every stage of engagement.
- To align customer usage of your product/solution with the Impact they are looking to achieve.
- As an efficient way to hand off, debrief, and collaborate with other team members throughout the customer journey (Sales, CS, Marketing, Product).
- A way to surface your customer's business updates or key changes that inevitably happen over time.



Critical Event Blueprint

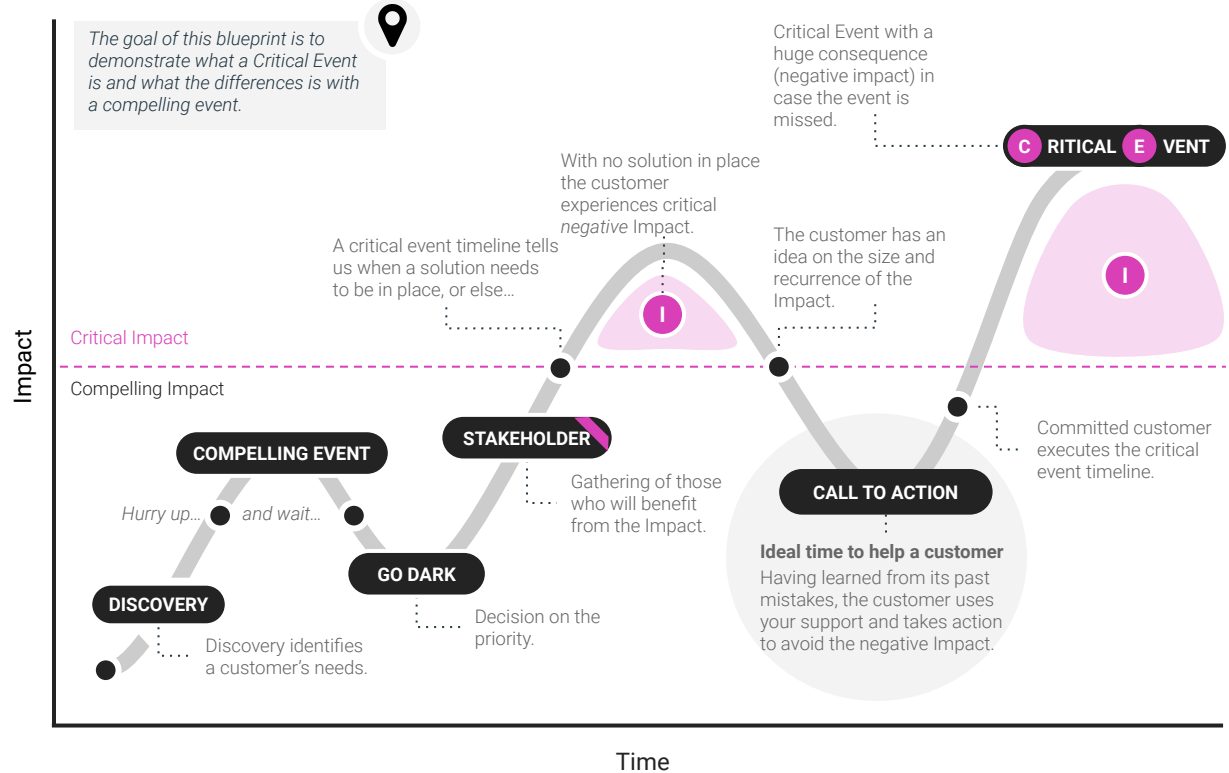
S3

A critical event carries a negative impact.

Key steps:

1. During the Onboarding call, EBR, etc. establish where the customer is:
 - Are they experiencing any pains?
 - Is this recurring?
 - What is your target go live date?
 - What happens if they miss that date?
2. Use examples of others in a similar position to establish a critical event.
3. Organize a stakeholder meeting. Stakeholders are those who gain from the Impact.
4. During the stakeholder meeting, present a critical event timeline of actions needed to deliver the Impact at the critical event date.
5. Deliver against the critical event date.

Note: Do not worry when a customer goes dark. Continue to educate on others and the IRL Impact they experienced.



Critical Event Timeline

S4 The chronological actions needed to achieve the impact.

A critical event is like the end result of a recipe when cooking a meal. In order to achieve your desired outcome, the recipe tells you what to do and in what order.

This is the same with a critical event, following the identification of a critical event, you must uncover all the steps that need to happen.

Instead of determining when you need the P/O from the customer, you need to start with the customer's impact in mind. When does the customer need the desired impact and then work your way back. For example, if the customer has a sales kick-off on July 7, they need your new sales acceleration solution for their team in place by end of June.

A critical event message is a short, stand-alone email that solely talks about the critical event. This cannot be part of a two-page email with all kinds of actions. See the example next. Note the reverse chronological order of the message, a hallmark of customer centric selling.

A critical event can be a date, or an event such as reaching 1M subscribers.

Critical event is impact as a function of time. You can recognize a critical event as it has a negative impact associated with it.

The actions needed to deliver the impact at the set event date, reverse chronological order.

CRITICAL EVENT

Step 1. Identify a Critical event

[Fill in]

Step 2. Establish what happens if they miss the event?

[Fill in]

Step 3. What are the steps that lead to this critical event (reverse chronological order)

[Fill in]

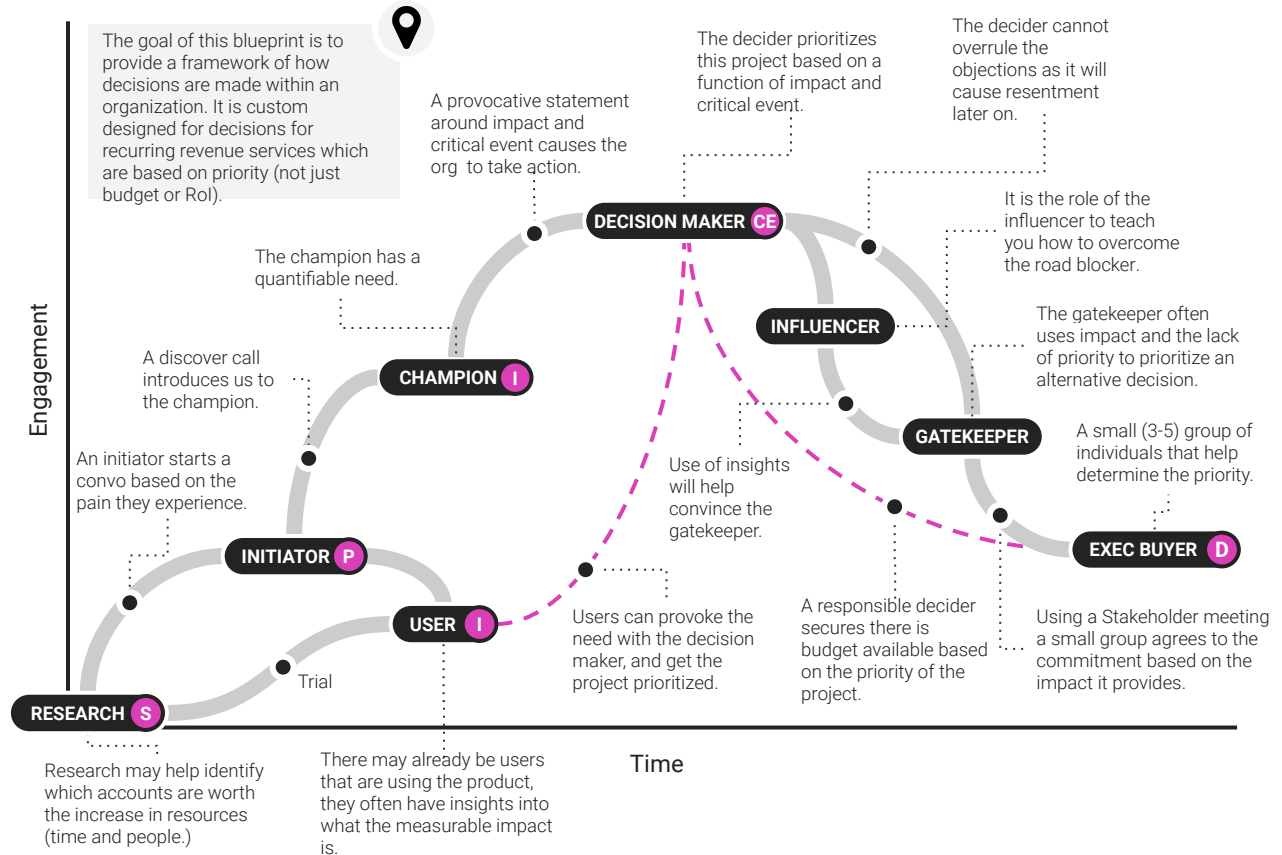
Navigating an Organization

S5

Help your customer to sell internally based on facts and figures.

The people involved in a buying decision is what is called a buying center. When we look at the roles they play, we find the same roles to form a very similar decision process.

- *The Initiator* recognizes the situation & pain.
- *Users* often play a critical role as they provide practical insights into measurable Impact a product offers.
- *The Champion* recognizes the impact and helps identify a project with a critical event..
- *The Decider* makes the actual decision, typically based on a critical event (CE).
- *The Executive Buyer* is a often a small group of executives that makes the decision (D).
- *Gatekeepers* are those that oppose a decision based on emotional impact.
- *Influencers* help nullify the gatekeeper by providing educational insights.



Share a Customer Story

S6 Share a relevant story that resonates with the customer's situation.

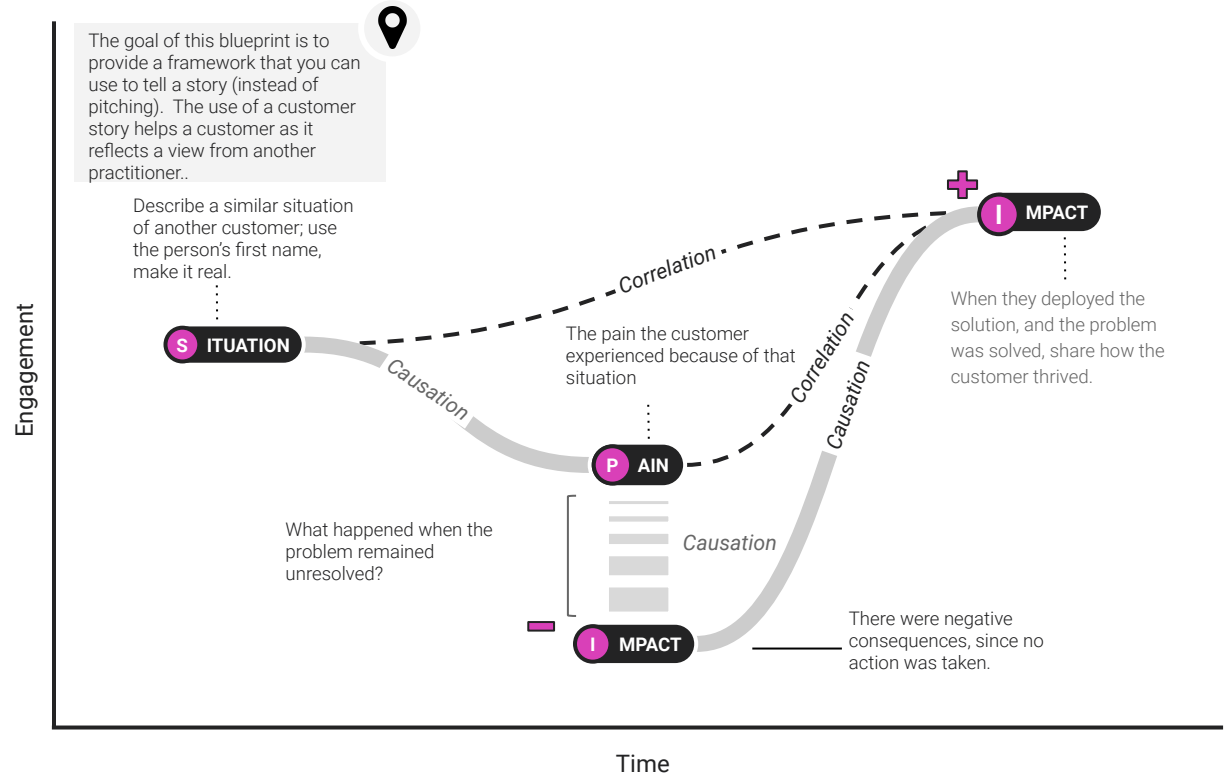
Every great story follows a well-defined framework. Explain your customer's challenges, and describe the negative impact they experienced.

For this, we will use a three-part story format in which you take your customer down the rollercoaster of emotions before describing the positive outcome.

- Part 1.** The situation makes it relevant to them.
- Part 2.** Pain, the negative impact of not solving the problem or addressing the opportunity.
- Part 3.** The positive impact of your solution.

The lows make the highs feel higher, making the story more memorable.

When Marketing operates on the same model, the storytelling integrates with Pocket Stores, codified to match this storytelling format.





Customer Success

OPERATING MODEL

September 2022