CUSTOMER SUCCESS OPERATING MODEL

Introduction
Why do we need an Operating Model?

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.
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

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

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<th>Understand Your Customer</th>
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<td>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.</td>
<td>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.</td>
<td>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.</td>
<td>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.</td>
<td>To best support your customers, identify &amp; 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.</td>
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CUSTOMER SUCCESS OPERATING MODEL

Core Elements

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

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

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.

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.

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

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This methodology is all centered 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.
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 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!

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.
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?
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 kinds 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.

Example metrics: Prospect, MQL, SQL, SAL, WIN, ACTIVE, LIVE, ARR, LTV
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:
- Annual Revenue (VM5)
- Onboarding Churn (CR5)
- Retention/Churn (CR6)
- Expansion/Contraction (CR7)
- Length of the contract (t7)

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.

**LTV:CAC Ratio**

- Growth Rate
- Net Revenue Retention
- Rule-of-40

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

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.

**Net Revenue Retention**

- Growth Rate
- Profit (Cost)

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.

**Rule-of-40**
A Blueprint
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
Customer Success Operating Model

Introduction

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.

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.

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.

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

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

CS Operating Model - Onboarding Phase

Handoff to CS

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 are they doing before?
  - Why was that not working for them?
  - What was the problem to solve or avoid?

The goal of this blueprint is to show the crucial steps for an effective internal handoff between Sales and Customer Success through the use of SPICED.

During or immediately after the handoff meeting, shall a Joint Impact Plan be completed with the Customer during the kickoff.

End on time, setup for the next meeting (using WADONIC).

Insights disclosed during onboarding can cause a do-over of the deliverables.

Time

Commit

Insight:

- Joint Impact Plan
- Executive Mutual Commitment
- Loss of engagement, increase the churn risk

Prepare

Insight:

- ACE the call, prepare agendas, introduce each other
- Prepare for the kick-off call
- Get on a decent chat with the sales rep (to check CRM)

Setup

Insight:

- Do-OVER
- Follow-Up
- CLOSE
- STRATEGIZE
- JOIN IMPACT PLAN

Joint Impact Plan

End on time, setup for the next meeting (using WADONIC).

Insights disclosed during onboarding can cause a do-over of the deliverables.
Onboarding
Overview Onboarding

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.
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3. 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?

During or immediately after the handoff meeting, draft a Joint Impact Plan to be completed with the Customer during the kickoff. Determine a plan to achieve Impact.

Insights disclosed during onboarding can cause a do-over of the deliverables. Verify this is correct.
- Calculate the real-life Impact together
- Make sure to confirm the date this is needed.

Follow-up immediately, share the recording, Joint Impact Plan etc.

Do not lose momentum, swiftly move from one action to another.

End on time, setup for the next meeting (using WAGONS.)

Prepare for the kick-off call. Get on a debrief call with the sales rep (or check CRM).

The goal of this blueprint is to show the crucial steps for an effective internal handoff between Sales and Customer Success through the use of SPICED.
CS Operating Model - Onboarding Phase

Kickoff Call

Start the relationship off strong with an effective Kickoff call.

Tips for a strong 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.
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.

The goal of this blueprint is to create a Joint Impact Plan (JIP) with recurring impact as a crucial part. Remember the first principle of recurring revenue: Recurring Revenue is the result of Recurring Impact.

During each Joint Impact Plan review call, use Impact Goals that are measurable, Challenges with clear mitigation plans, Opportunities and plan how to move forward.

Schedule Strategic meetings where you can review, ask questions and update the Joint Impact Plan every 3-12 months, as needed.

Achieving first impact is a critical event. Not achieving first impact at the committed data is likely to have churn consequences.

The renewal date should be seen as an outcome and not a critical event date. Meaning you should know exactly where you stand with your customers.

Draft a Joint Impact Plan during or immediately after the Sales to CS Handoff.

Involve your customer, involvement creates commitment.
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.

The goal of this blueprint is to establish that time is of the essence! It is not only important to get to first impact quickly but also to make it known to the customer when it is achieved, and in the process keep the customer and your team well informed (via CRM.)

- Align the implementation tasks with the desired impact you agreed with the customer.
- Keep the customer engaged with short notification, and notify any delay regardless who or what caused it.
- Confirm if you got it right.
- Do not lose the momentum, swiftly move from one action to another.
- Confirm via an email, that onboarding is completed.
- Confirm First Impact is achieved.
- High churn risk
- Make sure the Onboarding Phase has a clear end and that the customer is aware of any new points of contact on the engagement.
- Update the JIP with new goals

The first moment they can use your product to do something new that contributes to the reason they purchased?
Adoption
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 adoption 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.
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.

Drive Impact Process

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

A series of actions to implement recurring impact programs.

**Update JIP to set Impact goals and add news ones over time.**

**Ensure that all programs focus on identifying, updating, and delivering Impact.**

**It is very common to assume the impact you provide is obvious. It is not obvious. Persistent effort must be taken to share the impact across all levels of both the customer and your own organization.**

Don't lose momentum. Have a plan in place to drive impact.
An Executive Business Review, or EBR, is a strategic meeting with Stakeholders focused on validating & updating the customer's goals, reviewing the impact achieved and discussing any risks or opportunities in the account.

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.

**Impact Business Review**

**Setup**

- Validate critical account info and capture any updates.
- Identify new critical events, for the next 12 months.
- Use a relevant story to inspire growth and impact.

**Preparation**

- Analyze if the (desired) impact was achieved and set expectations for future impact.
- Obtain a number of quotes of IRL impact over the past months.
- Prepare impact stories relevant to the customer's current experience.

**Impact Review**

- Analyze if impact was achieved and set future impact expectations.
- Use a relevant story to inspire growth and impact.

**Drive Impact**

- ACE the call with an agenda and a clear goal.

**Follow-Up**

- Maintain momentum by following up immediately.
- Create a 5 min summary to be used by a broader audience.

**Close**

- End on time, setup for the next meeting (WAGONS.)
- Ask: if you had to renew today, would you?

**Trigger Plan**

- 3 ways to deliver more Impact:
  - Remediation: better utilize already paid for capabilities.
  - Upgrade: deliver new capabilities to current users.
  - Expand: find new users to deliver similar capabilities.

**Creative Common Material by Winning by Design™**
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.
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.

This goal of this blueprint is to provide an outline of the actions involved in the renewal.
CUSTOMER SUCCESS OPERATING MODEL

Expansion

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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.
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.

The goal of this blueprint is to describe the expansion process and differentiate between the whitespace planning and account planning activities.

Each stakeholder has their own emotional impact they want to achieve.

The workshop is designed to drive the decision based on Impact and Critical Event.

Engaging new stakeholders can fast track an oppty w/o the need for an EBR.

Must have Impact and Critical Event identified to perform a workshop.

The goal of the workshop is to drive the decision based on Impact and Critical Event.

Expanding new stakeholders can fast track an oppty w/o the need for an EBR.

Use Impact and Critical Event to ID stakeholders.

Prioritize which customers can be impacted.

Scan the customer for rational and emotional impact that form the basis for organizational change.

One final attempt to retain the customer using a SAVE play.

Prioritize which customers can be impacted.

A relevant customer story.

Have a relevant customer story.

Identify Impact potential of the proposed solutions per prospective customer.

Identify existing use-cases.

Research:

SpIcE:

Prioritize which customers can be impacted.

Diagnose:

White Space Planning:

Determine the potential of the proposed solutions per prospective customer.

Identify existing use-cases.

Use-Cases:

Account Planning:

Identify Impact and Critical Event.

Must have Impact and Critical Event identified to perform a workshop.

Each stakeholder has their own emotional impact they want to achieve.

The goal of the workshop is to drive the decision based on Impact and Critical Event.

Engaging new stakeholders can fast track an oppty w/o the need for an EBR.

Must have Impact and Critical Event identified to perform a workshop.

EXPANSION EXECUTION

RESEARCH

Identify existing use-cases.

Prioritize which customers can be impacted.

DRIVE IMPACT

Prioritize which customers can be impacted.

DRIVE IMPACT

ACCOUNT RETIREMENT

FIRST IMPACT

EXPANSION EXECUTION

SAVE
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.
Account Planning - Expansion

**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.

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**WHITESPACE PLANNING**

- Not expanding decreases the engagement and increases the chance on churn.

**ACTIVE PROJECTS**

- **Prioritize**: Draft an Account plan
- 1. What is the spend potential?
- 2. What is the current spend?
- 3. What are other projects that would increase the spend?
- 4. What critical events are there?
- 5. When should we reach out?

**NAVIGATE THE ORG**

- **GTM ALIGNMENT**: Align GTM teams such as Sales, CS, AMs, and Execs.
- 1. Who do we know?
- 2. What matters to them?
- 3. How are we connected?
- 4. Who should we know?
- 5. What matters to them?
- 6. How are they involved?
- 7. How to get connected?

**ACCOUNT PLAN**

- Present a subset of the plan to the customer and together fill in any gaps.
- Internal preso to gain buy-in.
- Update the plan

**STAKEHOLDER MAP**

- Stakeholder analysis
- Present the plan to the customer and fill in any of the gaps.

**EXPANSION EXECUTION**

- Know the expansion: which project, the impact, critical events, and the decision making process.
- Run a 3x3 approach.

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**While the Joint Impact Plan is built alongside the customer, the Account Plan is an internal tool that focuses on the goals your company has for the account.**

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Creative Common Material by Winning by Design™
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.”

Trading items of value is more applicable in a recurring revenue business. If the customer wants the same discount next year, they need to provide the same items of value used during the trade.

Diagnose the impact:
- The customer wants and when they want it by (critical event)

Get all items on the table; avoid negotiating one item at a time.

Qualify the decision maker; reschedule if not available.

Set priorities with them.

Summarize: “Okay, so you want ___ and ___.”

Trade: Start w/ easy items, give to get.

Make the offer; be clear and concise.

If they counter, listen & understand the request.

Before you answer, repeat the counteroffer.

Make small adjustments.

When you reach an agreement, repeat it back.

If they ask for more: “That changes the deal.”

DRIVE IMPACT
ACCOUNT PLANNING
SETUP
SUMMARIZE
PREPARE
CONFIRM
CLOSE
FOLLOW-UP

LISTEN
TRADE
PRIORITIZE
QUALIFY
CONFIRM

TRADING ITEMS OF VALUE IS MORE
APPLICABLE IN A RECURRING REVENUE
BUSINESS. IF THE CUSTOMER WANTS
THE SAME DISCOUNT NEXT YEAR, THEY
NEED TO PROVIDE THE SAME ITEMS OF
VALUE USED DURING THE TRADE.

GET ALL ITEMS ON THE TABLE;
AVOID NEGOTIATING ONE
ITEM AT A TIME.

QUALIFY THE DECISION MAKER;
RESCHEDULE IF NOT AVAILABLE.

SET PRIORITIES WITH THEM.

SUMMARIZE: “OKAY, SO YOU WANT ___
AND ___.”

TRADE: START W/ EASY ITEMS,
GIVE TO GET.

MAKE THE OFFER; BE CLEAR AND
CONCISE.

IF THEY COUNTER, LISTEN &
UNDERSTAND THE REQUEST.

BEFORE YOU ANSWER, REPEAT
THE COUNTEROFFER.

MAKE SMALL ADJUSTMENTS.

WHEN YOU REACH AN AGREEMENT,
REPEAT IT BACK.

IF THEY ASK FOR MORE: “THAT
CHANGES THE DEAL.”

There is no negotiation in recurring revenue operations. Trade!
Account Termination

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
Core Skills

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

Developing and continuously improving your team’s skills is essential to bringing your customer journey and the CS Operating Model to life. We encourage you to invest in ongoing skills training for your CS teams - you will reap the financial rewards of that investment many times over via improved customer outcomes.

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.
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

MEETING 1

SETUP

AGENDA

CLOSE

GOAL

OUTCOME

FOLLOW-UP

STAKEHOLDERS

1. Start the ACE/Agenda no later than 5 mins past the start time.
2. Discuss the that need to be covered to hit the goal within the allotted time.
3. Get the agenda on track to close "in interest of time...
4. Ask "Have you done this before?"
5. Discuss the goal of the next meeting.
6. "Who was involved and should we include them?"
7. "Based on our discussion today are you ready to move forward?"
8. Appreciate Check time
   End goal

SETUP

AGENDA

CLOSE

GOAL

OUTCOME

FOLLOW-UP

STAKEHOLDERS
The goal of this blueprint is to provide insights on how to perform a diagnostic call. A very minor improvement in the quality of a diagnose, which is performed dozens of times, can lead to monumental results.

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

CS Operating Model - Core Skills

Diagnose Sequence

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

\[ S \to 2 \to 3 \to \text{pointed questions in their context.} \]

\[ P \to \text{Ask if you got it right.} \]

\[ A \to \text{Is this a situation you’ve seen before?} \]

\[ I \to \text{Ask if this resonates, and how this Impact compares to their business.} \]

\[ M \to \text{Share a story about another person achieving Impact In Real Life.} \]

\[ D \to \text{Determine the decision factors?} \]

2 to 3 pointed questions in their context. Listen and take notes! ACE the call, prepare an agenda, introduce each other.

CLOSE

End on time. Connect the WAGONS.

OPEN

ACE the call, prepare an agenda, introduce each other.

Time

Engagement

OPEN

Situation

If customer starts venting, ask to prioritize.

Empathize

Is this a situation you’ve seen before?

Summarize

Ask if you got it right.

Story

Share a story about another person achieving Impact In Real Life.

Decision

Determine the decision factors?

Critical

“When do you need this by?”

“What happens if you miss that date?”

Vent

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.
The goal of this blueprint is to demonstrate what a Critical Event is and what the differences is with a compelling event.

**Critical Event Blueprint**

**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.

A critical event carries a negative impact.

**CS Operating Model - Core Skills**
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.
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 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.

The goal of this blueprint is to provide a framework of how decisions are made within an organization. It is custom designed for decisions for recurring revenue services which are based on priority (not just budget or RoI).

A provocative statement around impact and critical event causes the org to take action.

The decider cannot overrule the objections as it will cause resentment later on.

It is the role of the influencer to teach you how to overcome the roadblocker.

The gatekeeper often uses impact and the lack of priority to prioritize an alternative decision.

A small (3-5) group of individuals that help determine the priority.

Using a Stakeholder meeting a small group agrees to the commitment based on the impact it provides.
The goal of this blueprint is to provide a framework that you can use to tell a story (instead of pitching). The use of a customer story helps a customer as it reflects a view from another practitioner.

When they deployed the solution, and the problem was solved, share how the customer thrived.

Describe a similar situation of another customer; use the person's first name, make it real.

What happened when the problem remained unresolved?

The pain the customer experienced because of that situation

There were negative consequences, since no action was taken.

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