CUSTOMER SUCCESS OPERATING MODEL

PART 1. CORE ELEMENTS

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An initiative by:

Winning
by Design

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

Four Core Elements Threaded Across the Entire Customer Journey
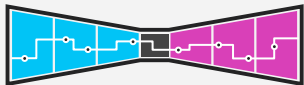
C1 The Bowtie

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 SPICED

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.
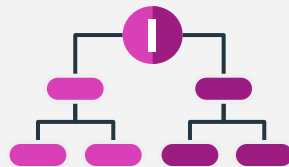
C3 Impact

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.
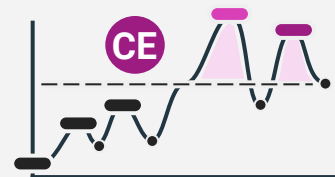
C4 Critical Event

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.

The Bowtie A View on the Recurring Revenue

C1

A standardized methodology to help customers achieve impact, and businesses scale growth sustainably.
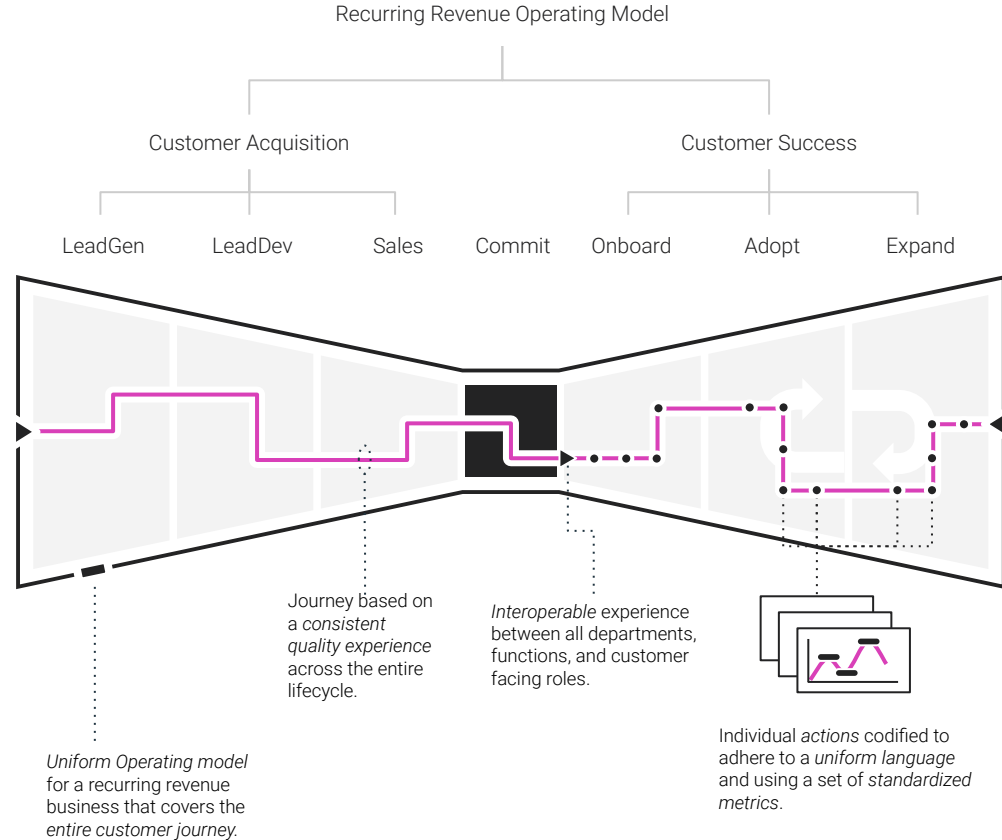
Historically, we've seen companies implement standardized Marketing and Sales Methodologies on the left side of the bowtie, but there is a lack of standardized and scalable processes on the right side of the bowtie.

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.

Recurring Revenue Operating Model

Customer Acquisition | Customer Success

LeadGen   LeadDev   Sales   Commit   Onboard   Adopt   Expand

Uniform Operating model for a recurring revenue business that covers the *entire customer journey.*

Journey based on a *consistent quality experience* across the entire lifecycle.

Interoperable experience between all departments, functions, and customer facing roles.

Individual *actions* codified to adhere to a *uniform language* and using a set of *standardized metrics.*
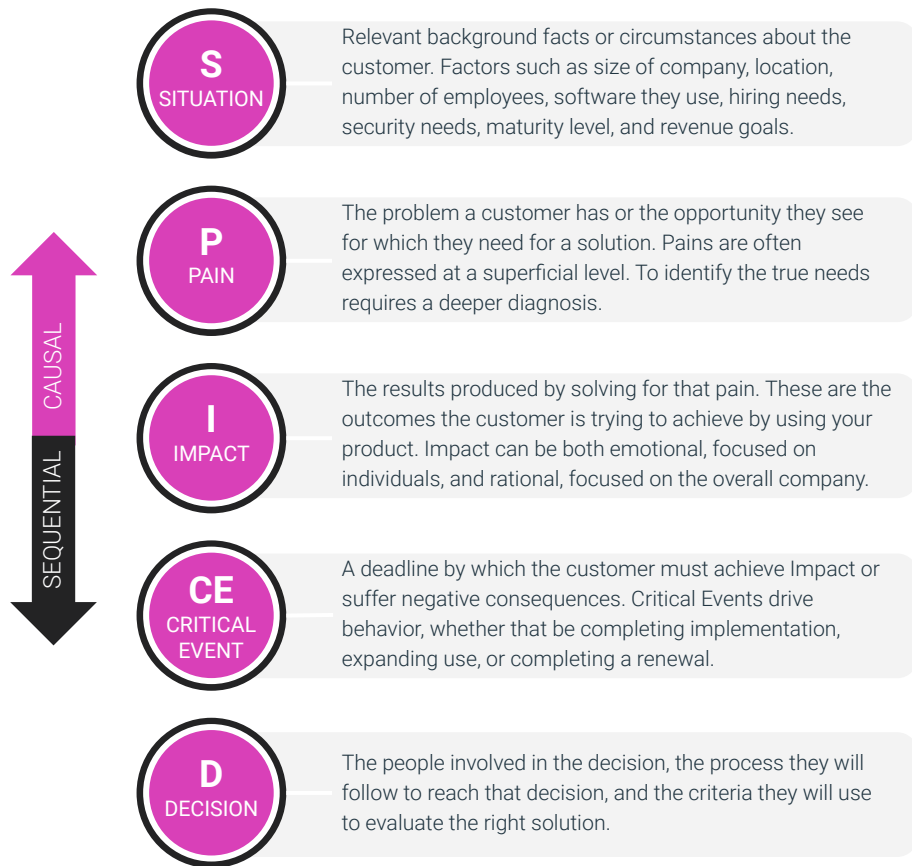
Customer Success Operating Model
SPICED™, A Diagnostic Framework

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.

CAUSAL

SEQUENTIAL

S — **SITUATION**
Relevant background facts or circumstances about the customer. Factors such as size of company, location, number of employees, software they use, hiring needs, security needs, maturity level, and revenue goals.

P — **PAIN**
The problem a customer has or the opportunity they see for which they need for a solution. Pains are often expressed at a superficial level. To identify the true needs requires a deeper diagnosis.

I — **IMPACT**
The results produced by solving for that pain. These are the outcomes the customer is trying to achieve by using your product. Impact can be both emotional, focused on individuals, and rational, focused on the overall company.

CE — **CRITICAL EVENT**
A deadline by which the customer must achieve Impact or suffer negative consequences. Critical Events drive behavior, whether that be completing implementation, expanding use, or completing a renewal.

D — **DECISION**
The people involved in the decision, the process they will follow to reach that decision, and the criteria they will use to evaluate the right solution.

Impact

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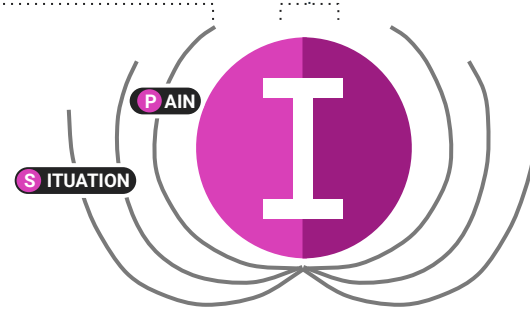
There are 2 kinds of Impact customers want to achieve: Rational and Emotional.

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.
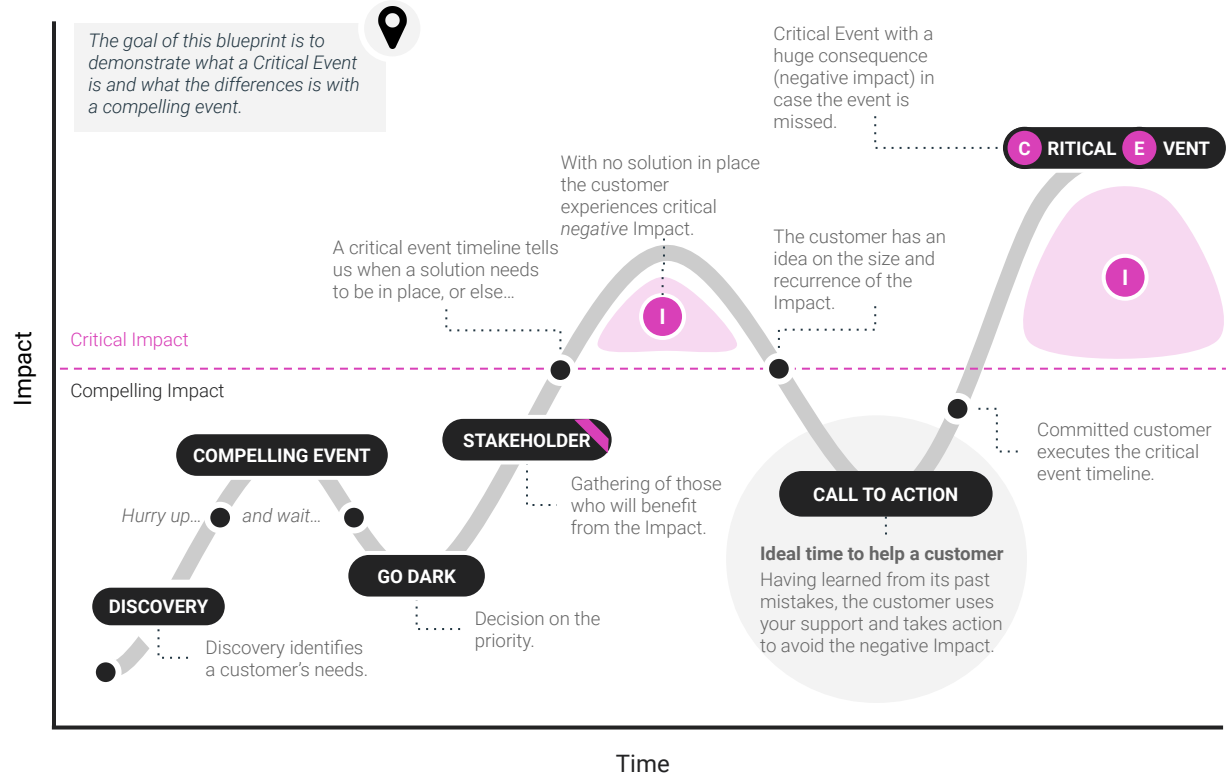
Identifying a Critical Event

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."

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

Critical Event with a huge consequence (negative impact) in case the event is missed.

C RITICAL **E** VENT

With no solution in place the customer experiences critical *negative* Impact.

A critical event timeline tells us when a solution needs to be in place, or else…

The customer has an idea on the size and recurrence of the Impact.

I

Critical Impact

Compelling Impact

I

Committed customer executes the critical event timeline.

STAKEHOLDER

COMPELLING EVENT

Gathering of those who will benefit from the Impact.

CALL TO ACTION

Impact

Hurry up… *and wait…*

GO DARK

Ideal time to help a customer
Having learned from its past mistakes, the customer uses your support and takes action to avoid the negative Impact.

DISCOVERY

Decision on the priority.

Discovery identifies a customer's needs.

Time

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. _____