

CUSTOMER SUCCESS OPERATING MODEL



PART 5. EXPANSION

Part 1. Core Elements

Part 2. Metrics

Part 3. Onboarding

Part 4. Adoption

Part 5. Expansion

Part 6. Core Skills

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An initiative by:



Introduction



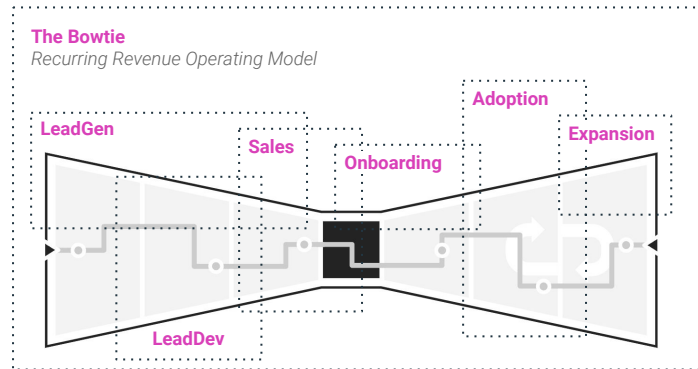
A Uniform Operating Model for a
Recurring Revenue Businesses

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

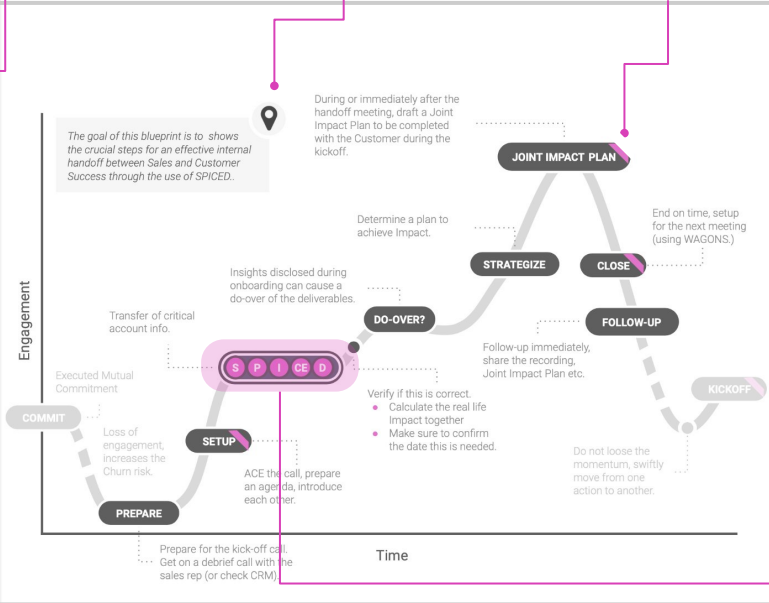
Handoff to CS

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.



Overview Expansion

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

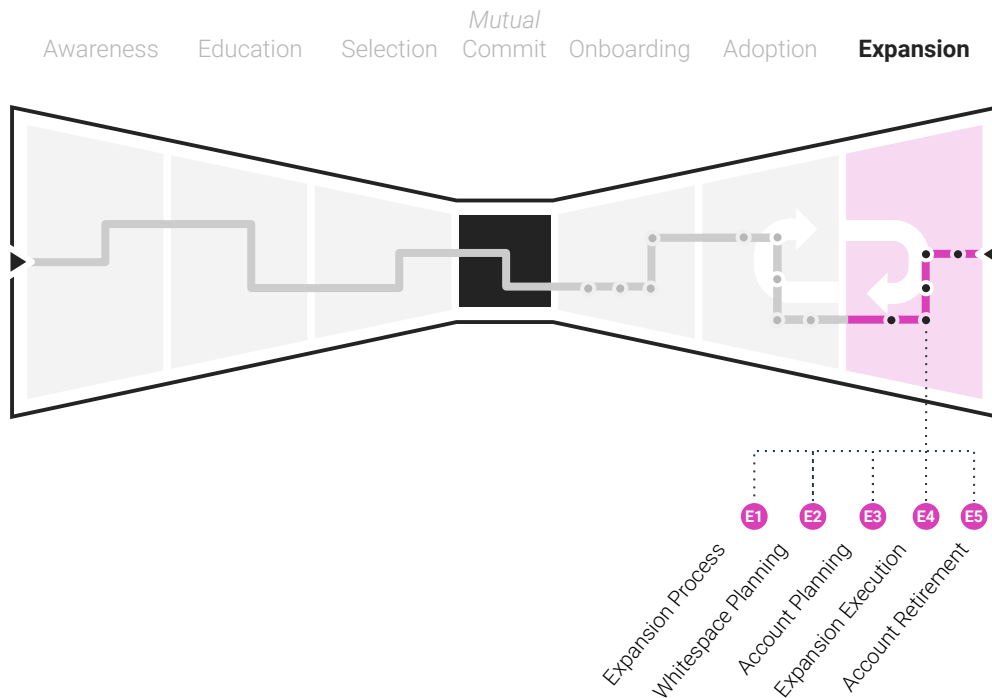
Sustainable and profitable recurring revenue businesses must grow the amount of revenue from existing accounts beyond their initial contract value. This is referred to as expansion.

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

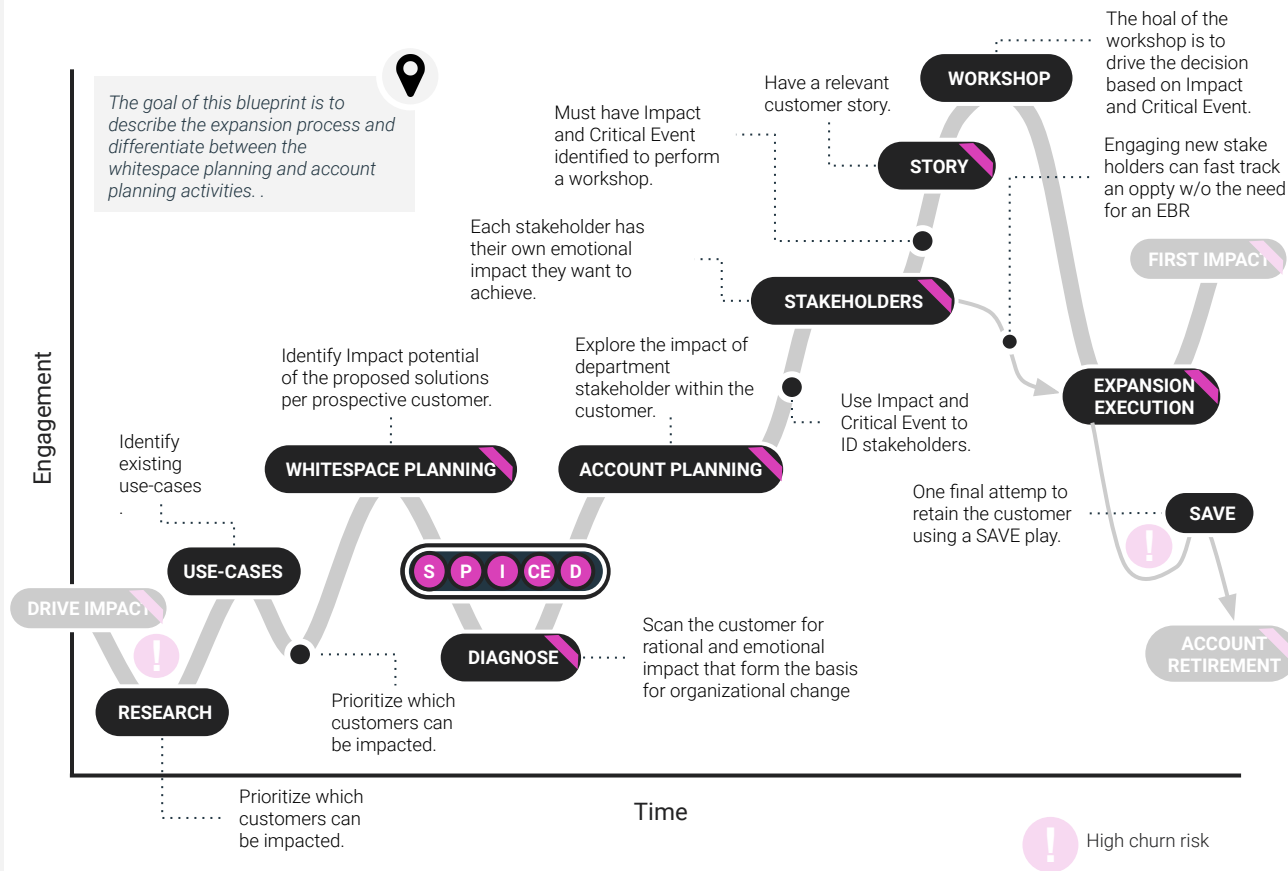
Selling to existing customers accelerates growth.

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.

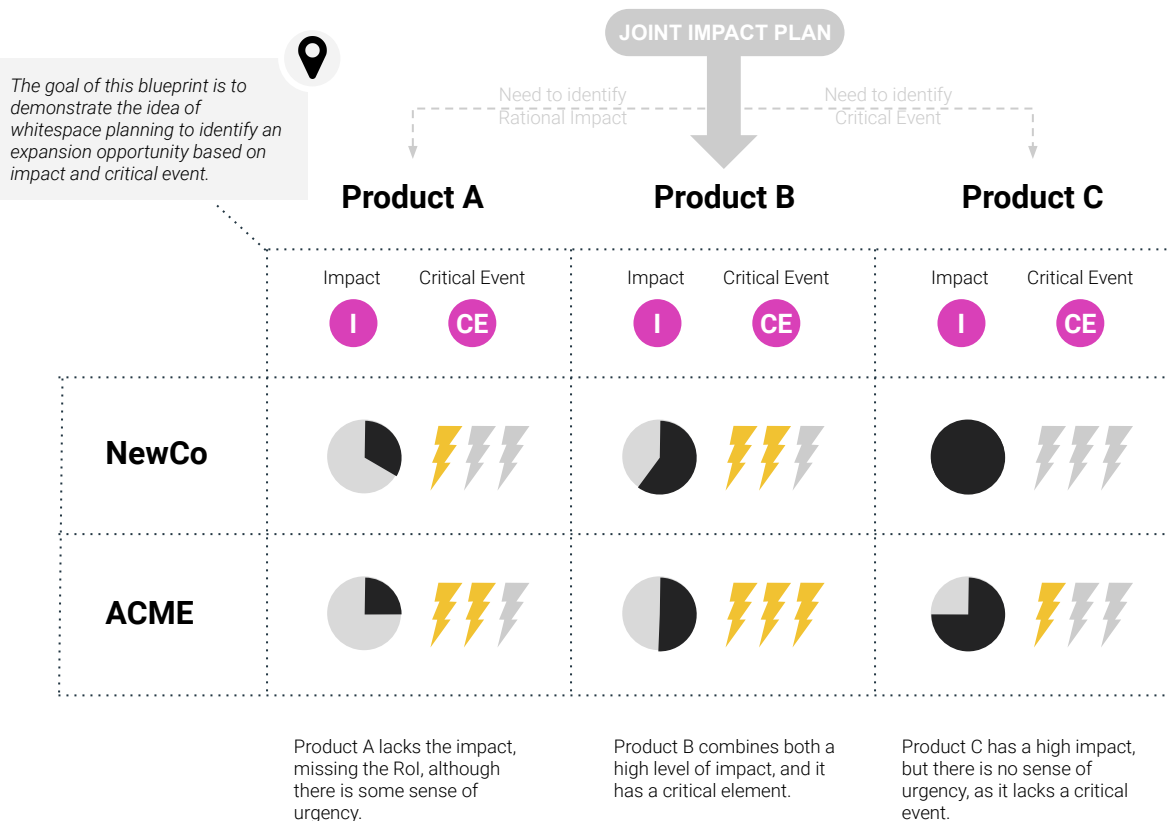
Today, most whitespace planning is based on a combination of the situation (S) and Pain (P) such as F500 rank or number of employees. Instead we recommend to prioritize whitespace planning based on a combination of:

- **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.



Account Planning

E3

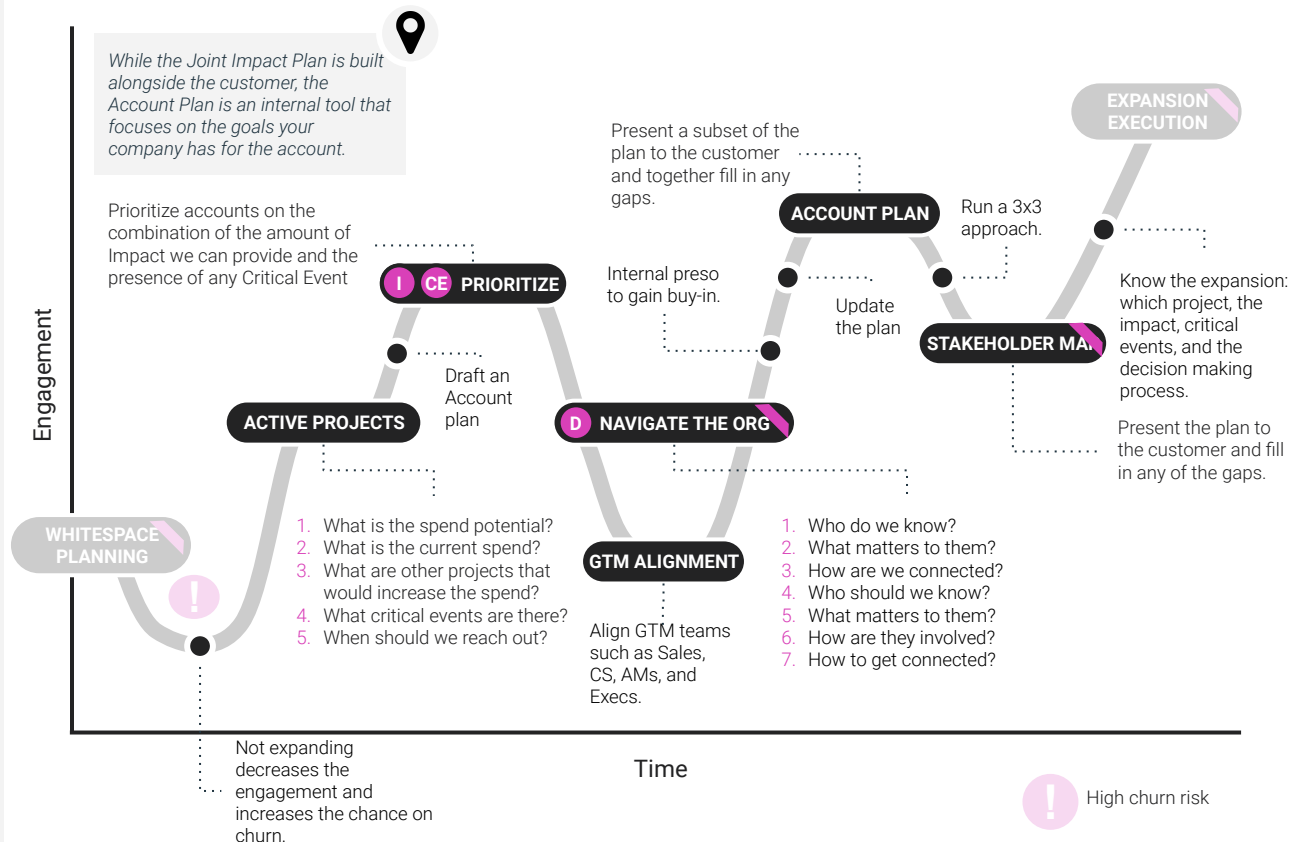
Coordinate all Account Activities around Customer Goals

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

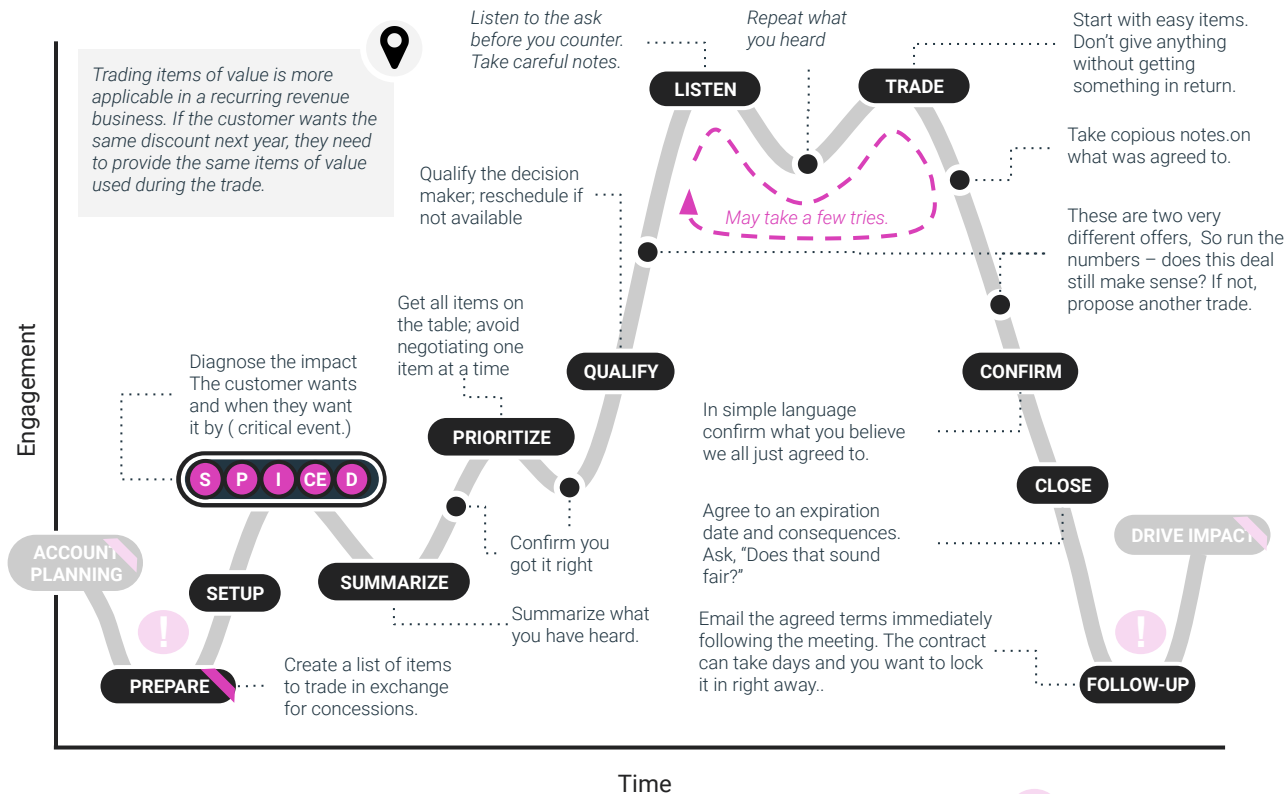
E4

There is no negotiation in recurring revenue operations. Trade!

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

It requires to think about *trading* items of equal value during the expansion execution process.

1. Get all negotiation items on the table.
2. Listen careful 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 be concise.
9. If they counter, listen & understand the offer.
10. Before you answer, repeat the counter offer.
11. Make small adjustments.
12. When you reach an agreement, repeat it back.
13. If they ask for more: "That changes the deal."
14. Confirm it in writing.



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

