



Building an Effective Expansion Strategy

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PRESENTERS



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AGENDA

- 01 What is Expansion?
- 02 Who Owns Expansion?
- 03 How Do I Identify an Expansion Opportunity?
- 04 What Should I Do to Improve My Expansions?
- 05 What Skills Does My Team Need to Drive Expansions?

01

What is Expansion?

- Definition
- Four Types of Expansion
- Metrics that Matter

Expansion | A definition

Expansion:

*Growth in revenue
from existing accounts
beyond their initial
contract value*

		Impact	
		SAME	NEW
Champion	SAME	Renew Same Impact <ul style="list-style-type: none">• Early renewal• Payment terms• Contract terms• Consolidate terms (Co-term)• Renewal terms (Re-term)	Upsell More Impact <ul style="list-style-type: none">• New features• More usage• Additional seats• Longer contract
	NEW	Re-Sell Impact Everywhere <ul style="list-style-type: none">• New group or department• Entire company• Local support	Cross-Sell Identify New Impact <ul style="list-style-type: none">• Unseat competitor• New languages• New product launch

Expansion | The Metrics that Matter

1

Gross Revenue Retention (GRR)

The percentage of recurring revenue retained from existing customers in a defined time period, including downgrades and terminations. GRR can never be more than 100%

Period 2 ARR/Period 1 ARR

Where:

Period 2 ARR = Period 1 ARR - Churn ARR - Contraction ARR

2

Net Revenue Retention (NRR)

Similar to GRR, but NRR includes expansion dollars as well. Thus, NRR can be higher than 100%

Period 2 ARR/Period 1 ARR

Where:

Period 2 ARR = Period 1 ARR + Expansion ARR - Churn ARR - Contraction ARR

These should be tracked for each customer segment

02

Who Owns Expansion?

- Survey Time!

EXPANSION

Who Owns It?

- It's often a "hot potato" function
- Pros and cons for where expansion sits
- Largely, who owns it is less important than making sure to consider...

EXPANSION

Who Owns It?

- Do they have the bandwidth to give proper attention to expansion opportunities?
- Are there competing or conflicting KPIs that may reduce the attention put on expansion vs other functions?
- Do they have the skills needed to identify, nurture and bring expansion deals to close?
- If multiple roles own parts of expansion, is there clarity in how those roles interact and collaborate?

03

How Do I Identify an Expansion Opportunity?

- It starts with Impact!

Recurring **revenue** is a result of
recurring **impact**

“



Jacco Van Der Kooij
Founder, Winning by Design

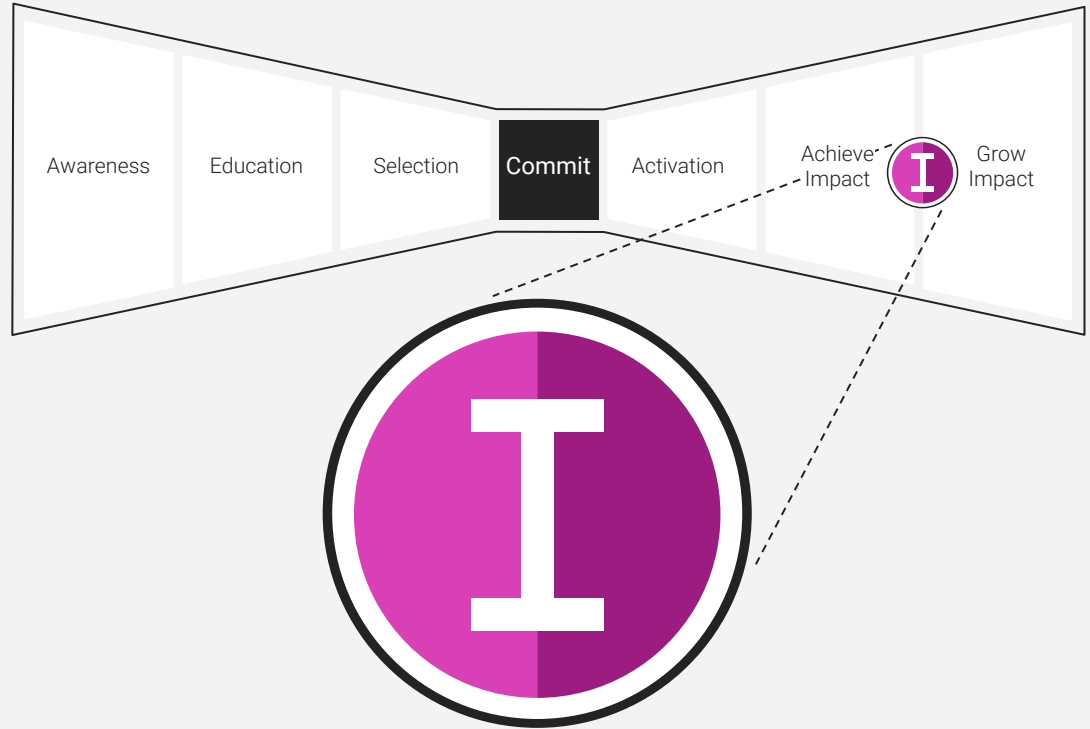
Impact | What is it?

Historically what the customer wanted was not considered important. With the advent of SaaS, Customer Outcomes, or Impact became more important. **Impact is what the product provides to a customer.**

Three common forms of Impact are:

- Save time
- Save money
- Increase revenue

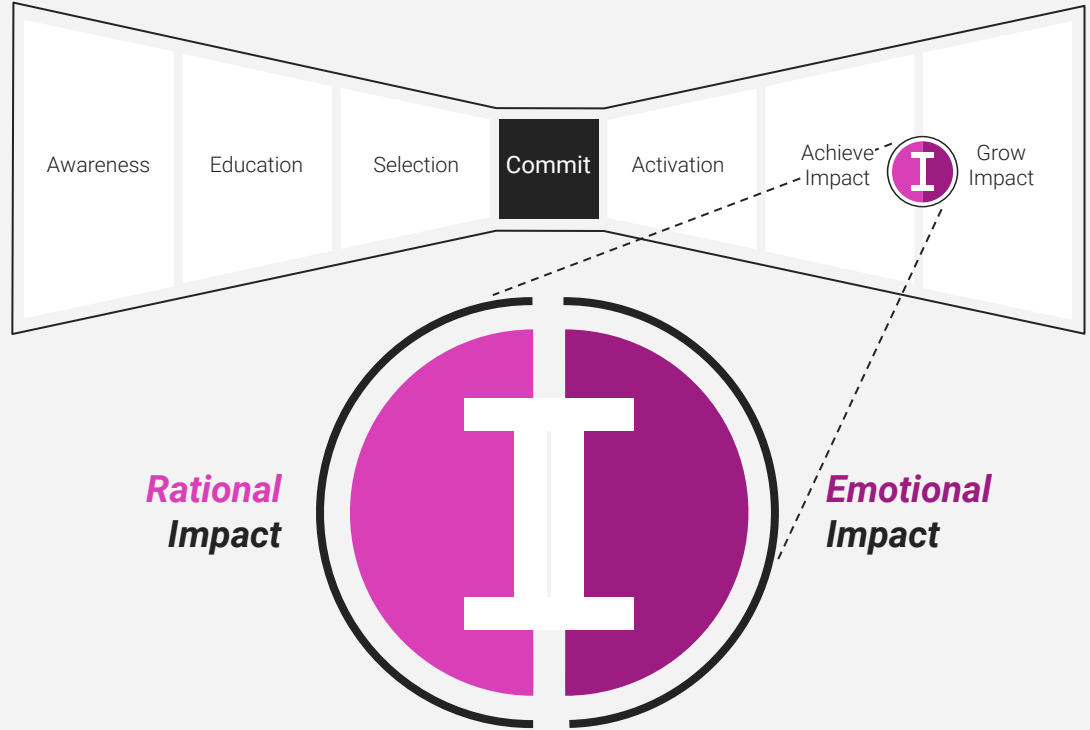
You'll notice, these are all quantifiable.



Impact | What the Customer Gets

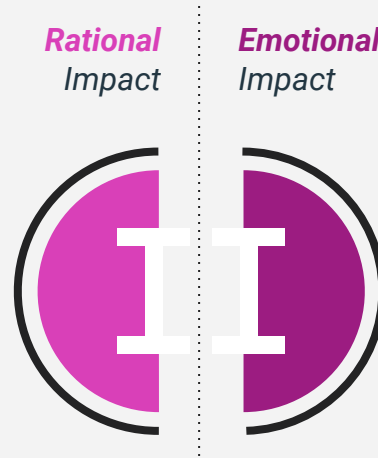
Impact refers to something you are providing to a customer they didn't have before engaging with you or that they can achieve more quickly with you.

If you aren't delivering impact, keeping and growing your customer base will be highly challenging.



In 2012 WbD uncovered the value of Emotional Impact relative to Rational Impact. Emotional Impact is qualitative vs. Rational impact which is quantitative.

Impact | Rational vs Emotional



The difference between Rational Impact and Emotional Impact provides critical insights into how buying decisions are made.

1

Emotional impact first benefits a person, and then the company. Rational impact, on the other hand, first benefits a company, and then a person.

2

The Emotional impact varies by person. Each person experiences Emotional impact differently. Rational impact, on the other hand, often is similar across all involved in the decision, as it is set as a common goal.

3

Most humans make Emotional decisions. They conclude what they *believe* is the right solution. They then seek to rationalize that decision with facts and figures.

Impact | Layer by Layer

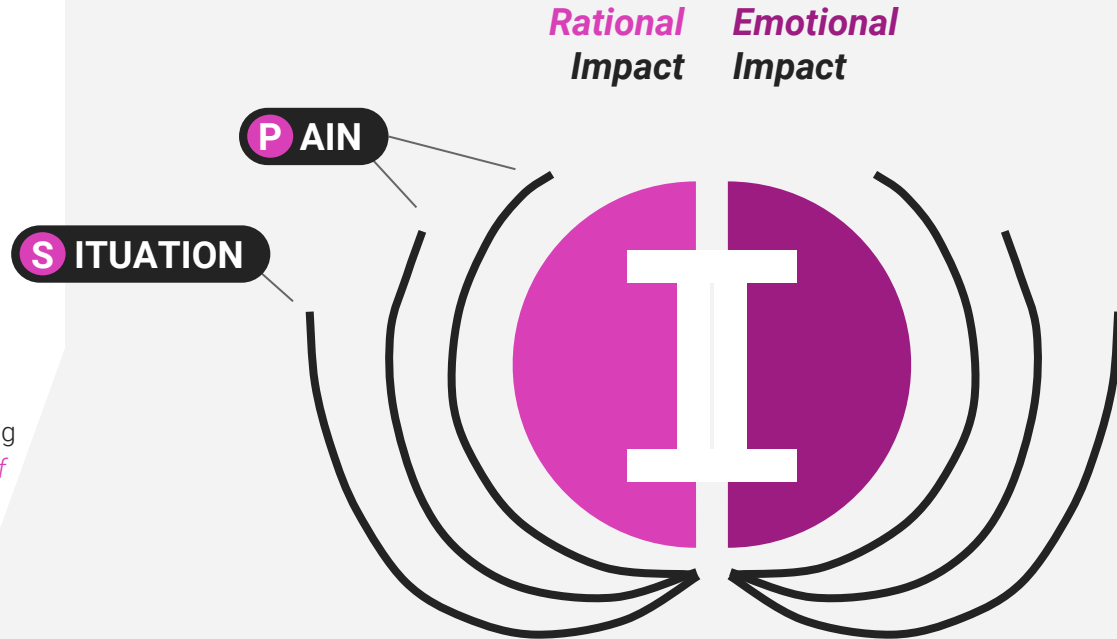
Think of Impact as a onion, with some outer layers that are easy to get to but that you need to peel back to gain a deeper understanding.

We get there by asking questions:

Situation Questions are closed-ended questions that validate or confirm. *"How many users are there on the present tool?"*

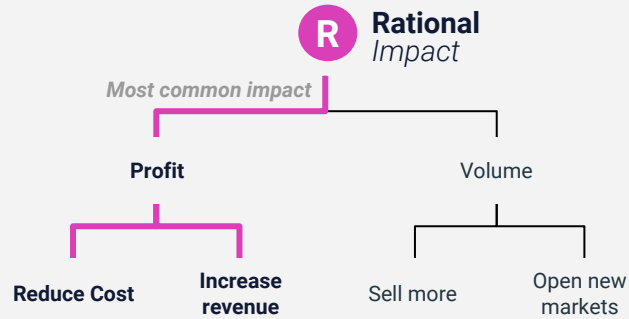
Pain Questions are open-ended questions that identify pain. *"What do users still struggle with?"*

Impact Questions are open-ended questions that uncover the impact resolving the pain would have. *"What would change if that issue was resolved?"*



Impact | Rational & Emotional

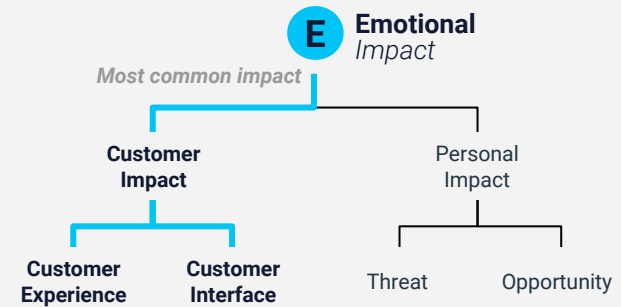
Rational impacts typically affect the company, such as increasing profit, increasing sales, or reducing costs.



THE RATIONAL IMPACT WE PROVIDE

- 1 Time saving / Productivity
- 2 Cost saving
- 3 Faster time to market
- 4 Increased Revenue (or profit)
- 5 Higher customer satisfaction

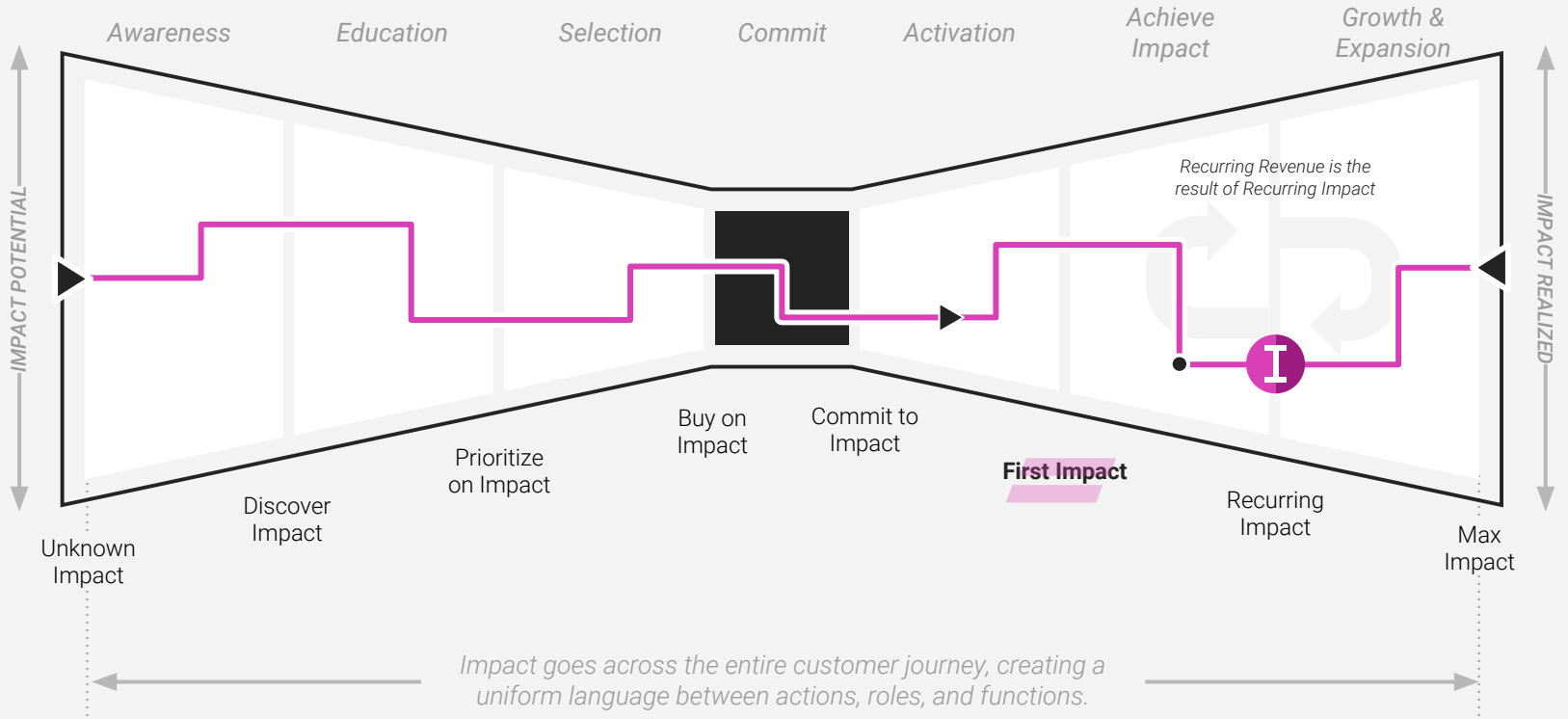
Emotional impacts typically affect the person, such as saving time or improving a process.



THE EMOTIONAL IMPACT WE PROVIDE

- 1 Reduced work hours / better work-life balance
- 2 Higher confidence in ability to perform job
- 3 Better internal communication
- 4 Better external communication
- 5 Better workflows

Impact | All along the Bowtie



04

What Should I Do To Improve My Expansions?

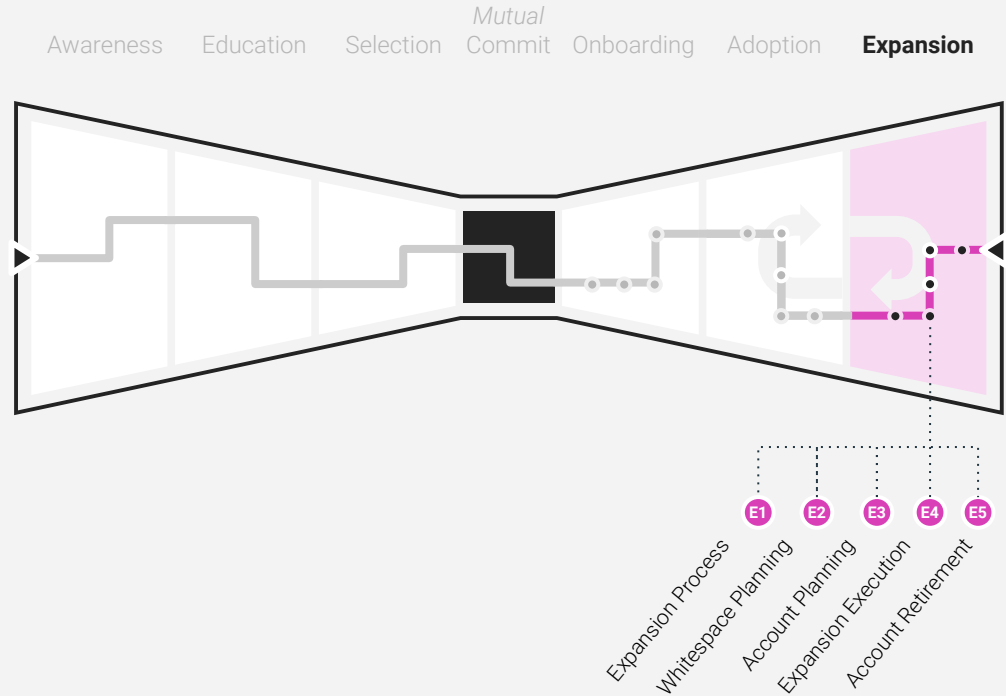
- Let's get tactical
- To have a mature and robust expansion muscle, you need a solid operating model

CS Operating Model | Framework for Success

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

Regardless of what team owns expansion, there are specific best practice motions that you should ensure are deployed:

- A solid **Expansion Process**
- Robust **Whitespace Planning**
- Formal **Account Planning**, which would include **Stakeholder Mapping**
- Clean **Expansion Execution**
- Process to learn from **Account Retirement**.

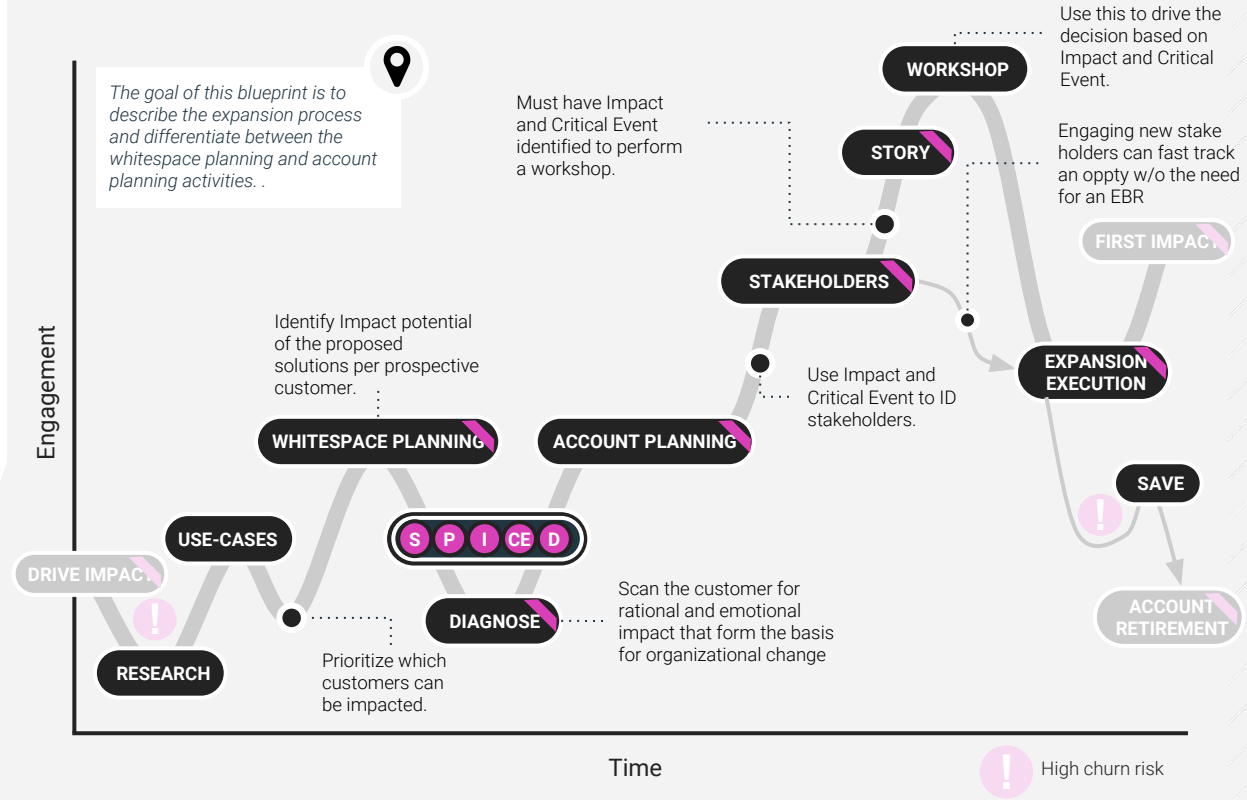


CS Operating Model | Expansion Process

Selling to existing customers accelerates growth.

In a Recurring Revenue business, it is vital to grow the business beyond what a customer bought initially.

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, and **Stakeholder Mapping** helps to facilitate your target contacts. **Expansion Execution** maps the actual process to move an expansion deal to closed won.



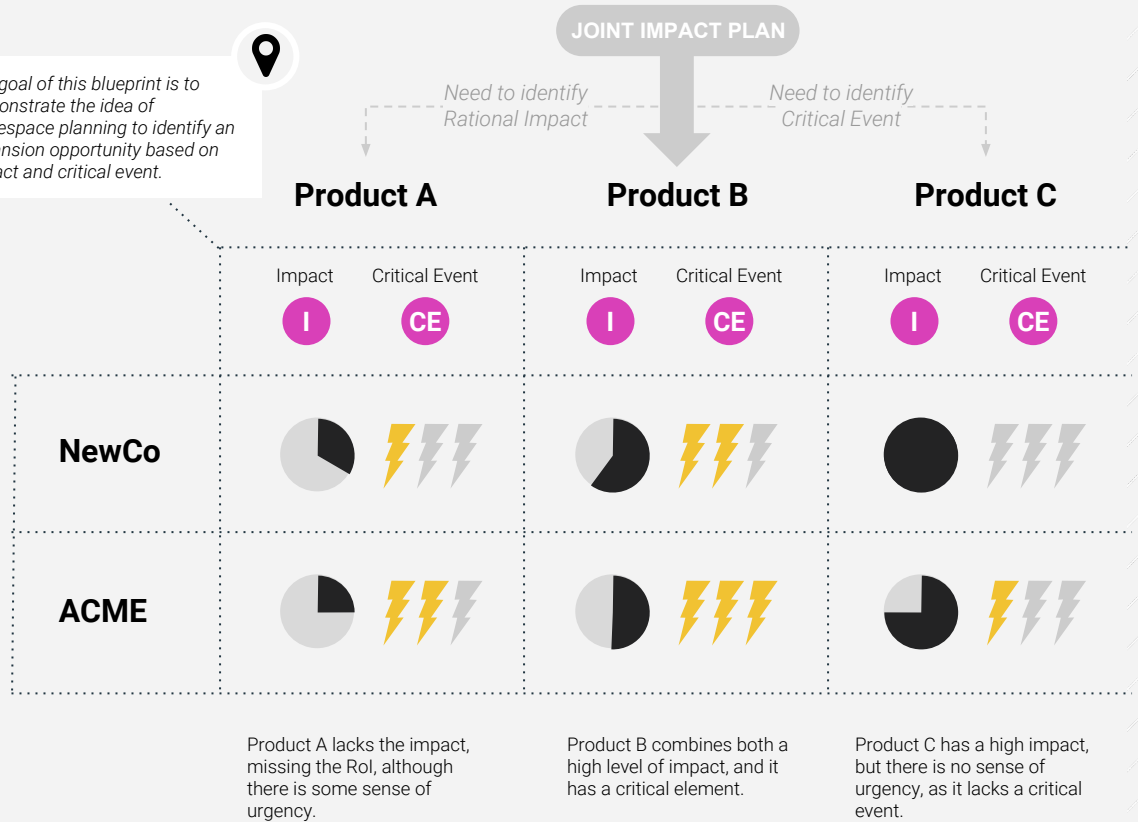
CS Operating Model | Whitespace Planning

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

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.

The goal of this blueprint is to demonstrate the idea of whitespace planning to identify an expansion opportunity based on impact and critical event.



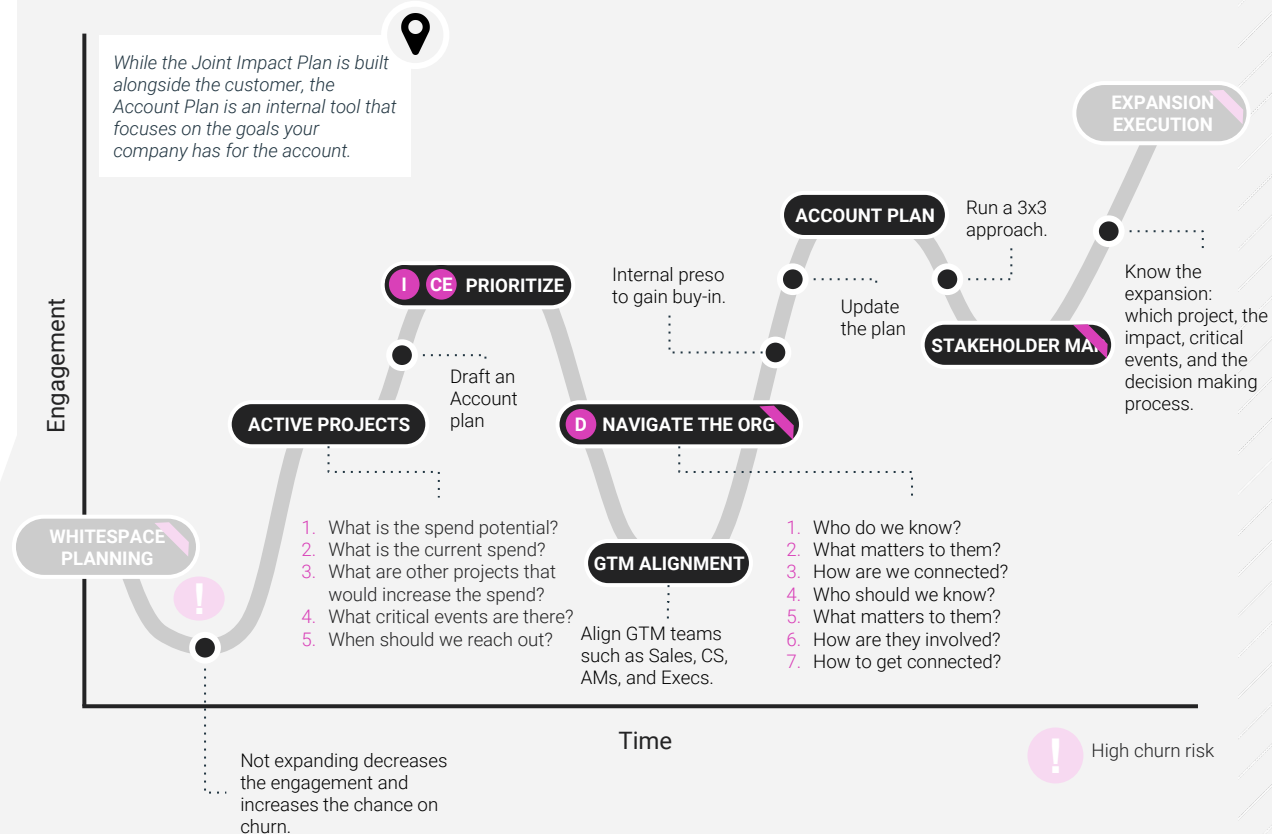
CS Operating Model | Account Planning

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 and can be simplified to three key elements:

- **Impact:** Identify the rational and emotional 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)

As accounts get bigger, an increasing amount of resources will be involved and internal selling grows in importance.



CS Operating Model | Stakeholder Assessment (when you have your stakeholder identified)

What role do my identified stakeholders play and how do they feel about us?

Name	Title	Emotional Pain	Rational Pain	KPIs	Role in the decision process	Sentiment
Patricia Product	VP of Sales	Wants to be a strong Sales leader who supports the team and gets results.	Need to get higher response rates and close more deals more quickly by reducing the back and forth of written communication.	Quota Open Rates	● Initiator	= Neutral
Marketing Mark	VP of Digital Marketing	Needs to be seen as more innovative & cutting edge.	Needs to ensure response rate targets are met by using more innovative approaches to comms.	Increasing customer engagement	● Buyer	♥ Loves us
Support Sally	Support Manager	Struggles to explain via text answers to some support tickets and it's hard to keep scheduling calls.	Can handle more tickets if they can find an easier way to resolve complex ones with less back and forth.	Efficiency CSAT score	● Influencer	♥ Loves us
Customer Cathy	CCO	New to role and needs to prove themselves as a CS leader.	Needs to reduce churn and improve customer satisfaction.	Renewal rates NPS	● Decision Maker	= Neutral

ROLE IN THE DECISION PROCESS

SENTIMENT

- Initiator
- Decider
- Buyer
- Influencer
- Gatekeeper
- User
- ♥ Loves us
- + Positive
- = Neutral
- ? Unknown
- Negative
- 👤 Enemy

CS Operating Model |

Stakeholder Assessment (when you have gaps and need to identify new stakeholders)

For each product, who are my potential Executive, Senior, and Mid-Level Stakeholders?

Product	Executive Stakeholders	Senior Stakeholders	Mid-Level Stakeholders
Product 1	Chief Operating Officer Chief Financial Officer The C-Suite	VP of Risk / Risk Management VP of Operations Safety Director	Risk Manager Safety Manager Health and Safety Advisor Operations Manager Facilities Manager
Product 2	Chief Human Resources Officer Chief People Officer Chief Learning Officer	VP of Learning & Development VP of Training Safety Director VP of Operations Director Human Resources	Learning & Organizational Development Manager Training Manager Workplace Experience Manager Wellbeing Business Partner Operations Manager Facilities Manager
Product 3	Chief Operating Officer	Safety Director VP of Operations VP of Environment & Quality	Safety Manager Environment Manager Operations Manager Facilities Manager
Product 4	Chief Operating Officer Chief Human Resources Officer	Safety Director VP of Operations Facilities Director	Safety Manager Operations Manager Security Manager Engineering Manager Facilities Manager

CS Operating Model | Expansion Execution

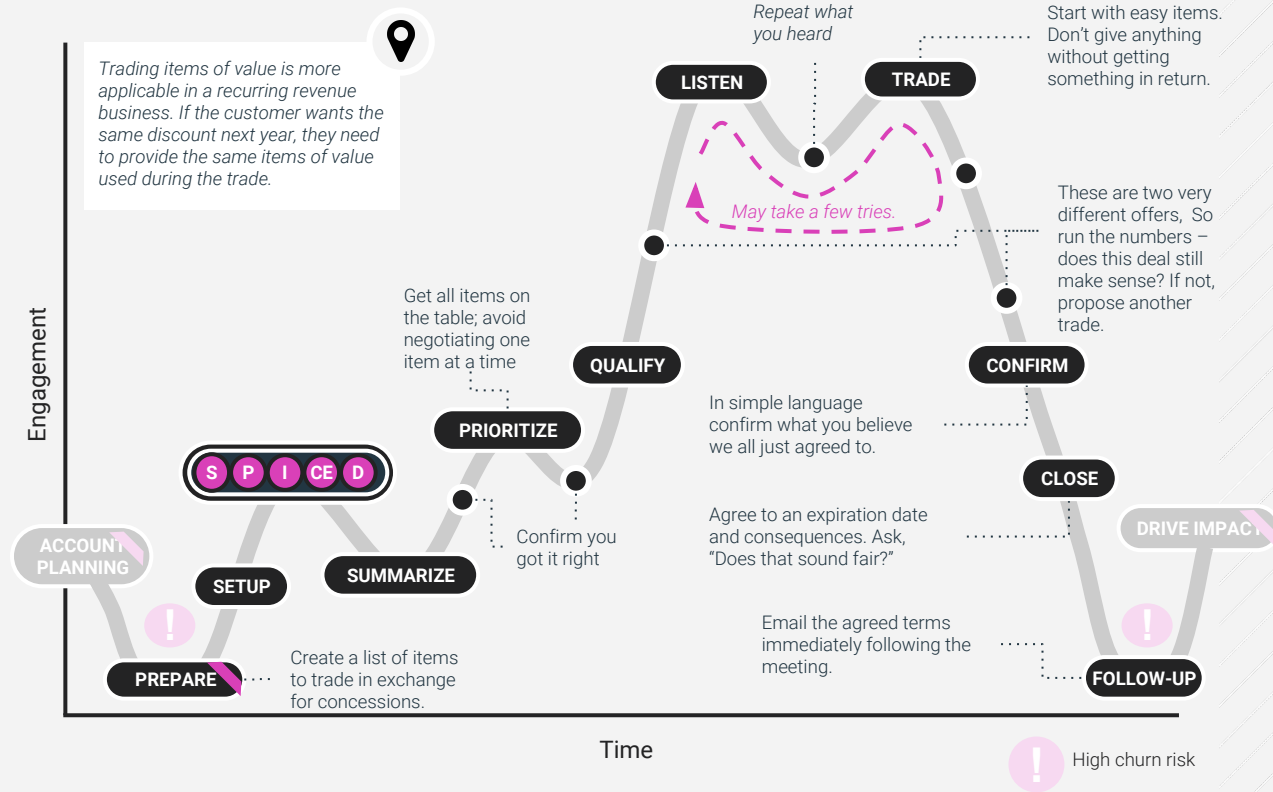
There is no negotiation in recurring revenue operations.

Trade!

Rather than approaching it as a negotiation, think about expansion discussions as trading items of equal value.

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."



CS Operating Model | 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

05

What Skills Does My Team Need to Drive Expansions?

- Look at your Expansion process - assess your current team's skills
- Deploy training and coaching aimed to uplevel needed skills

Core Skills

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

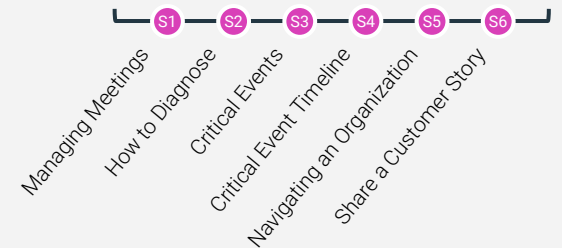
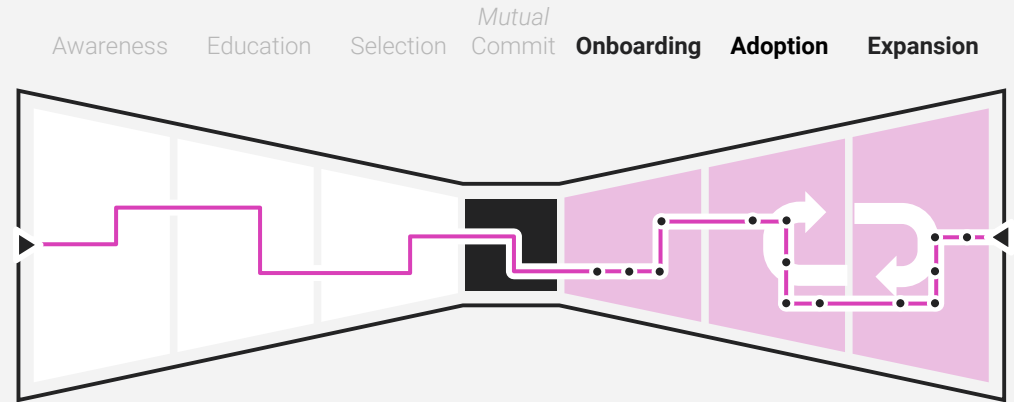
Developing and continuously improving your team's skills is essential to bringing your customer journey and the CS Operating Model to life. We encourage you to invest in ongoing skills training for your CS teams - you will reap the financial rewards of that investment many times over via improved customer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





&



How to stay in touch

The best ways to continue to get the latest insights from WbD

- 01 Get the latest research and insights on how to optimize your GTM and grow your revenue



WbD Research Newsletter
www.winningbydesign.com/newsletter

- 02 Access the WbD CS Operating Model



Dive deeper into the CS Model to help drive a successful model for recurring revenue businesses

- 03 Stay smart while scrolling LinkedIn



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Follow WbD on LinkedIn

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david@winningbydesign.com



jennifer.griffin@winningbydesign.com



beth@winningbydesign.com



APPENDIX

The Bowtie Captures the Customer Journey

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

A customer journey is the set of interactions that a customer has with you during their buying process all the way up through renewal and expansion. The moments are often the ones that matter most in the eyes of a customer.

Core Elements

- C1. The Bowtie
- C2. SPICED
- C3. Impact
- C4. Critical Event

Core Skills

- S1. Managing Meetings
- S2. Diagnosing
- S3. Establishing a Critical Event
- S4. Critical Event Timeline
- S5. Navigating an Organization
- S6. Sharing a Story

Onboarding Phase

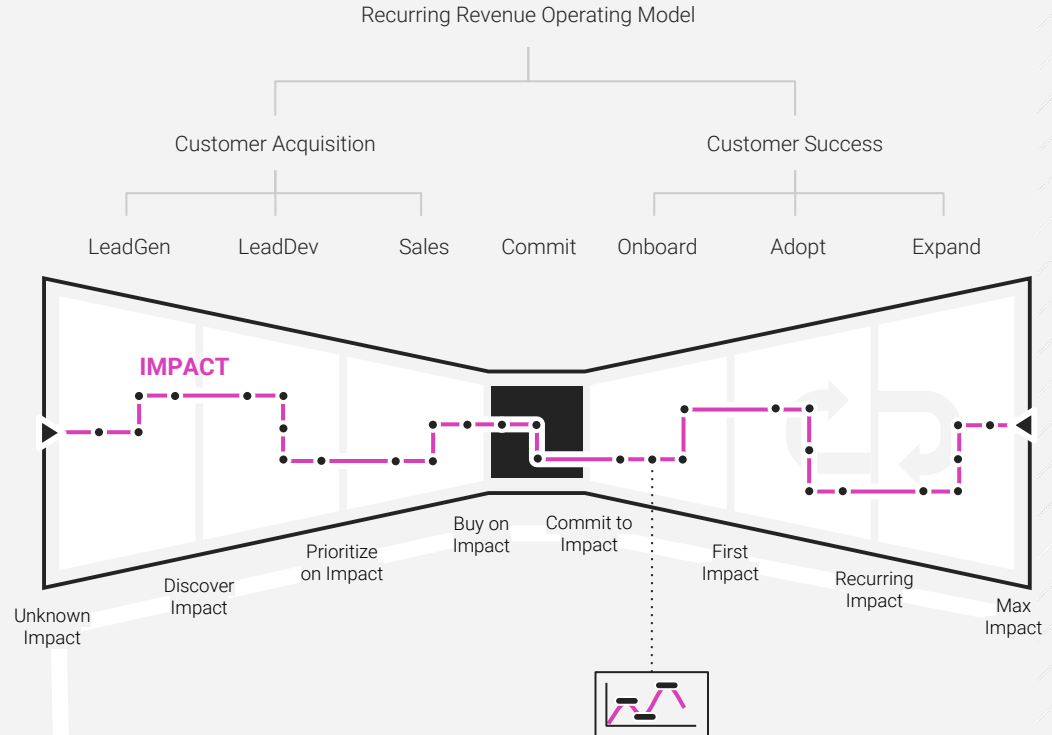
- O1. Handoff
- O2. Kickoff
- O3. Joint Impact Plan
- O4. First Impact

Adoption Phase

- A1. Drive Impact
- A2. Business Review (QBR)
- A3. Health Scoring
- A4. Trigger Plays
- A5. Renewal Execution

Expansion Phase

- E1. Whitespace Planning
- E2. Account Planning
- E3. Expansion Execution
- E4. Account Termination



Having everyone seek and talk about customer impact across all roles and functions cause alignment across the company and results in a smooth customer journey.

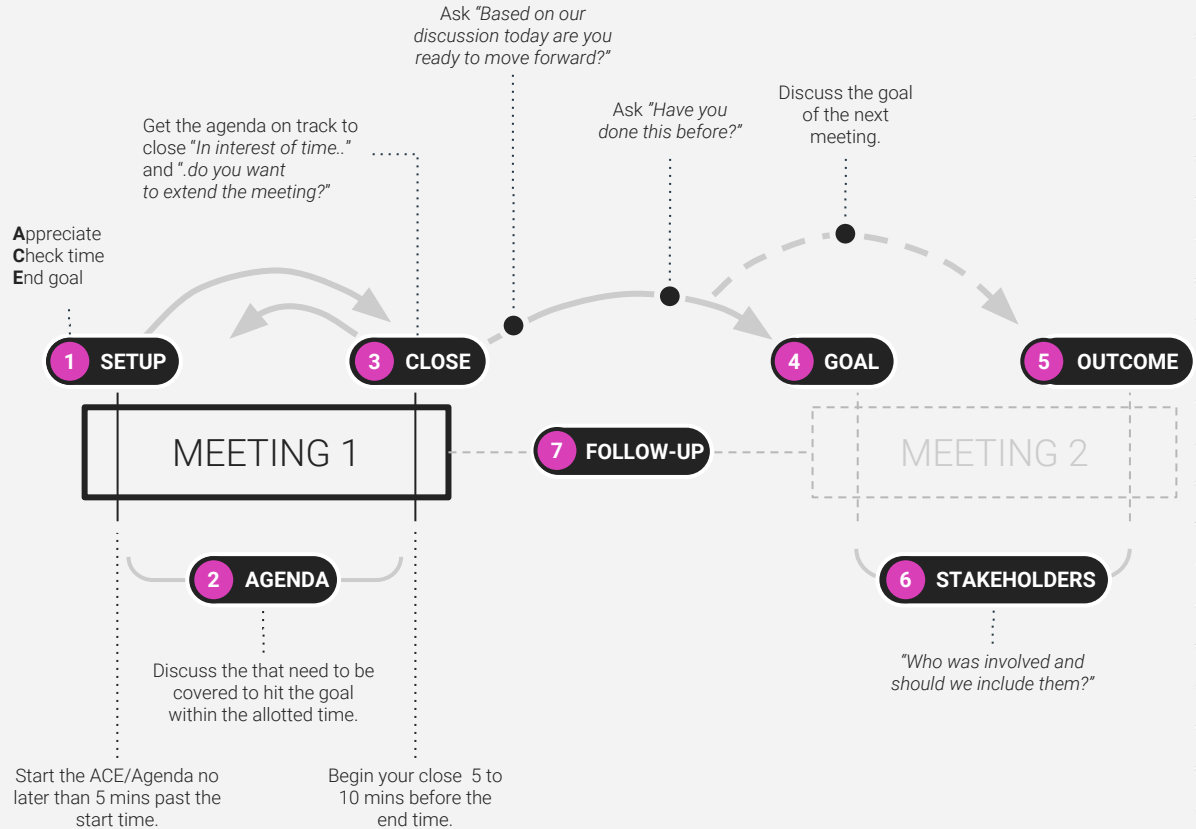
Actions are mapped to blueprints. Each blueprint contains step-by-step directions how to deliver and act on impact. Thus making each action interoperable with other actions across the bowtie.

Core Skills | Managing Meetings

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

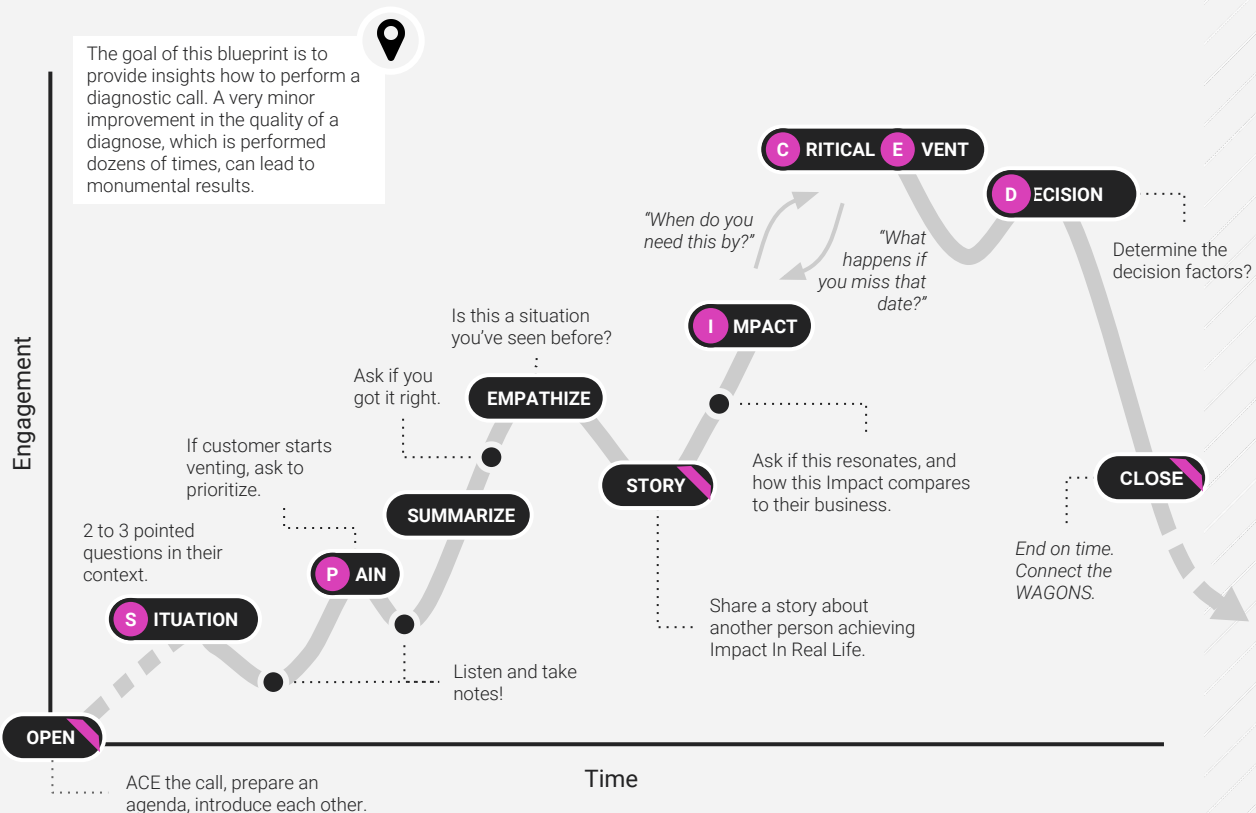


Core Skills | Diagnose

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.



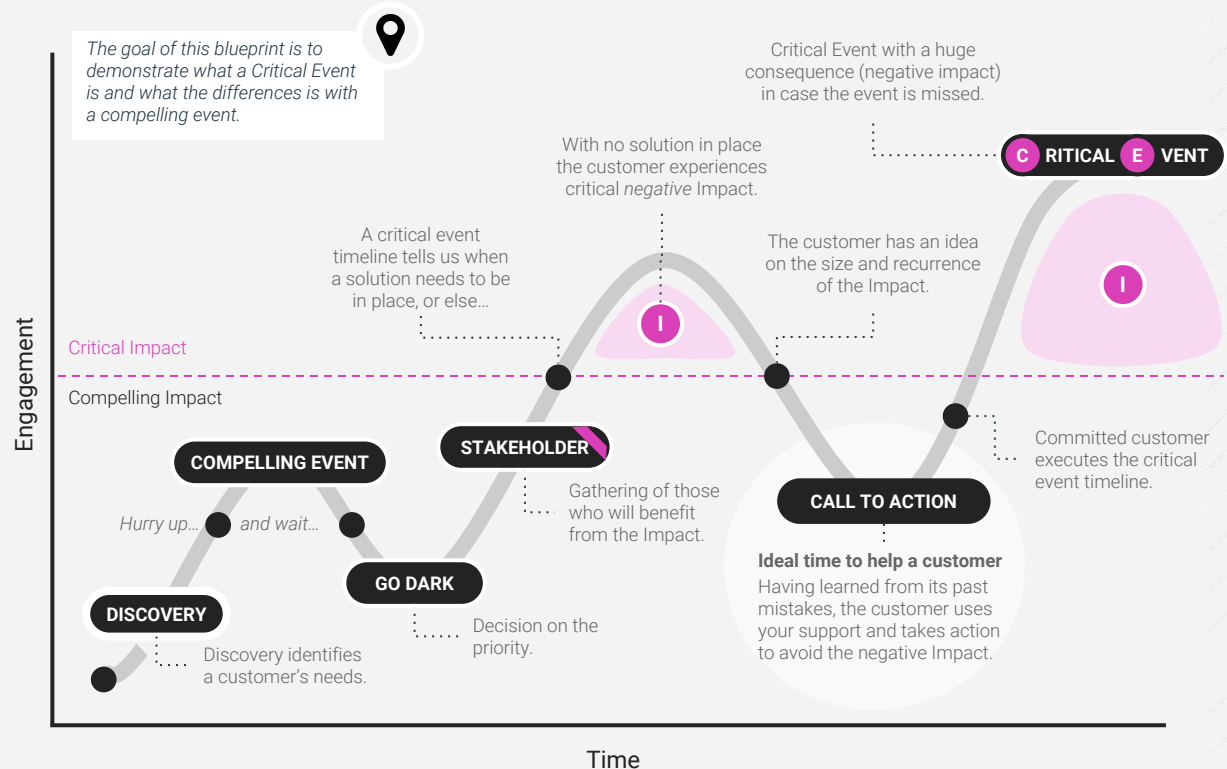
Core Skills | Critical Event

A critical event carries a negative impact.

Key steps:

1. During the Onboarding call, EBR, etc. establish where the customer is:
 - o Are they experiencing any pains?
 - o Is this recurring?
 - o What is your target go live date?
 - o 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.



Still looking for a magic bullet?

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. _____

Core Skills | Critical Event

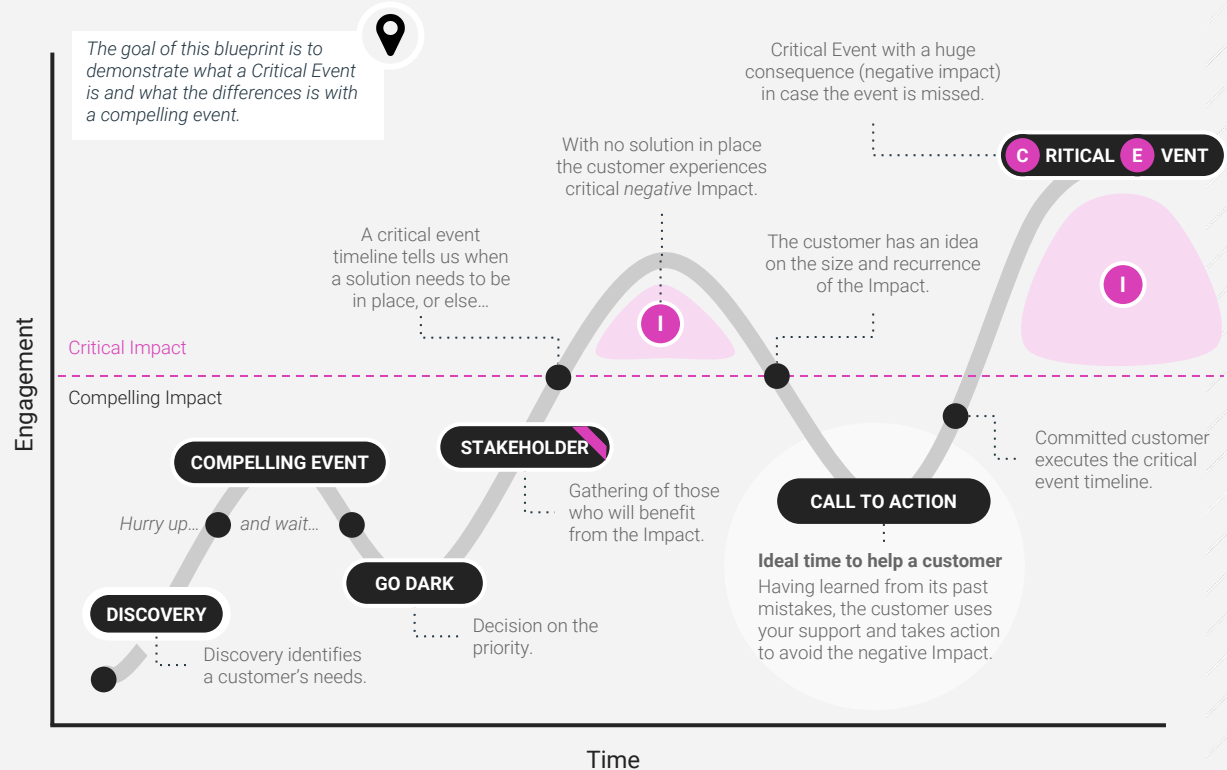
The chronological actions needed to achieve the impact.

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.



Core Skills | Critical Event Timeline

The chronological actions needed to achieve the impact.

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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.

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CRITICAL EVENT

Step 1. Identify a Critical event

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

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

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

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

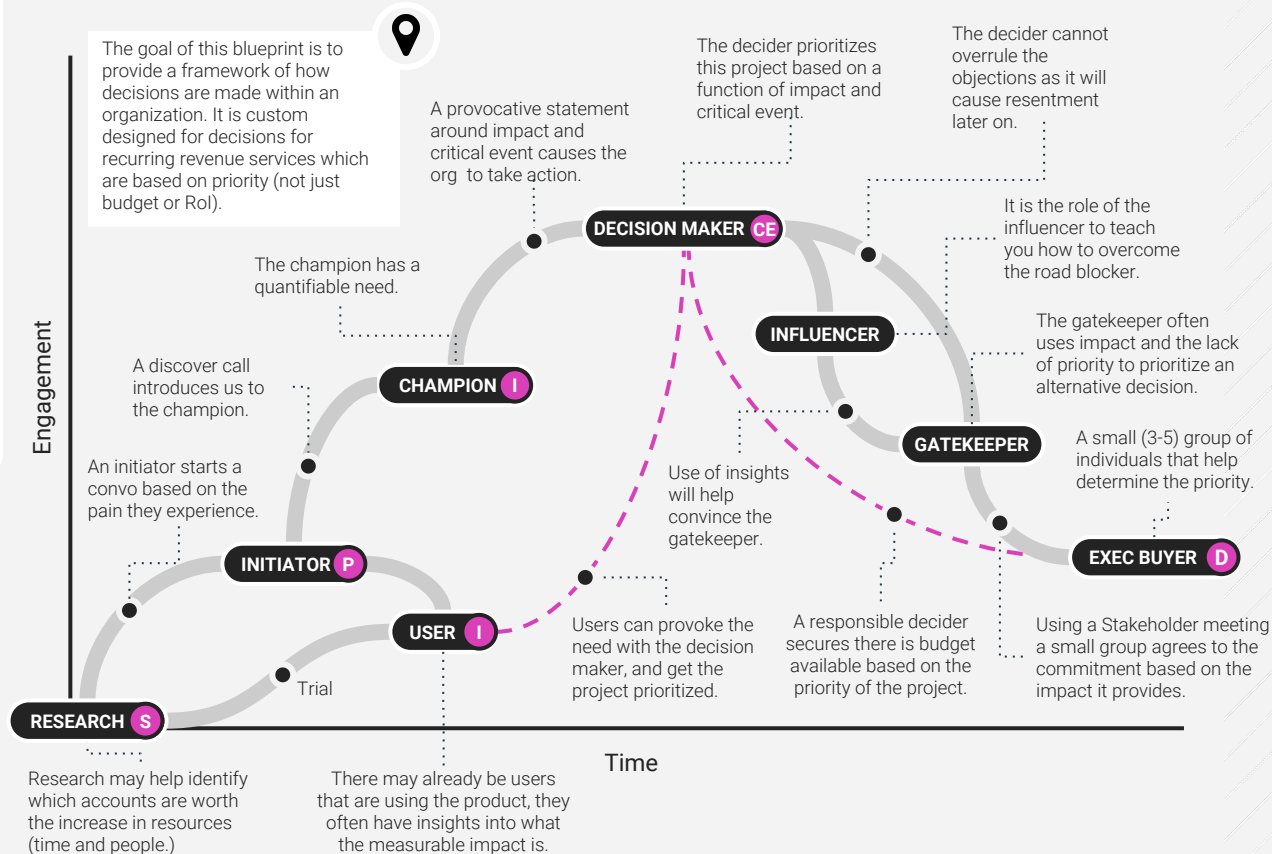
The actions needed to deliver the impact at the set event date, reverse chronological order. [Fill in]

Core Skills | Navigating an Organization

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.



Core Skills | Sharing a story

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.

