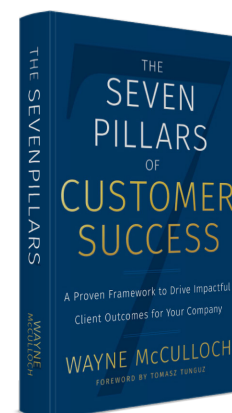


The Seven Pillars of Customer Success

A Proven Framework to Drive Impactful Client Outcomes for Your Company

by **Wayne McCulloch**



Contents

Pillar #1: Operationalizing Customer Success

Page 2

Pillar #2: Onboarding

Page 2

Pillar #3: Adoption

Page 2

Pillar #4: Retention

Page 3

Pillar #5: Expansion

Page 3

Pillar #6: Advocacy

Page 3

Pillar #7: Strategic Advisor

Page 4

THE SUMMARY IN BRIEF

Business leaders everywhere are struggling to understand how to build a sophisticated customer success organization and implement it into their businesses. *The Seven Pillars of Customer Success* is a framework designed to show you how to create and execute an impactful customer success organization, regardless of company maturity or industry.

Author Wayne McCulloch is a customer success leader at Google Cloud. He proposes that customer success is always there (physically or digitally), and this philosophy should be spread out across the entire company. It isn't just a little department that only owns the success of the customer; it is essential for the success of all departments. You have to build a culture of customer success inside your organization. When your company embraces a customer success philosophy and each department focuses on enhancing their moments of truth with their customers, you will see a better customer experience and an increased financial return.

IN THIS SUMMARY, YOU WILL LEARN:

- The importance of operationalizing customer success.
- The difference between onboarding and adoption.
- To leverage all departments for expansion.
- To view customers as a strategic part of organizational growth.

Pillar #1: Operationalizing Customer Success

The first pillar is arguably the most important pillar but is the least understood and the least mature. There are a lot of different definitions and interpretations of operationalizing customer success; the function has yet to be standardized. The customer success team delivers proven best practices at scale, in a repeatable way and with efficiency, to drive the desired outcome of your customer and your company, wrapped in an exceptional customer experience.

A Company Philosophy

Customer success should be a company philosophy, not limited to a department of people, although the customer success team carries the torch for the philosophy and coordinates customer success activities. We don't want one team to care about customer success; we want the whole company to care. So how do we make customer success a philosophy and not just a department? We help the rest of the company understand their role in making the customer successful. We can encourage the finance team to add little notes to the invoices such as, "We love working with you as a procurement team!" A simple example like this would help make the company more customer-centric. Correctly placing customer success within your organization will unleash its full power.

Pillar #2: Onboarding

At the Olympic Games in Rio in 2016, a Fort Lauderdale-born athlete named Jeffrey Julmis was running the 110-meter hurdles for his native country, Haiti. He had competed well enough in the quarterfinals and had advanced to the semifinals. Shortly after the race began, Julmis misjudged his spacing and tripped over the first hurdle. His arms and legs went flying, and when they made contact with the ground, they were all tangled up in the same hurdle that had done him in. Needless to say, because he tripped over the first hurdle, he didn't qualify for the finals. His Olympic adventure had suddenly ended. A poor onboarding experience is like tripping over the first hurdle.

Value Defined

What is customer onboarding? What does it look like? And why is it so critical? Customer onboarding is jointly defining a Customer Success Plan and proactively guiding a customer to achieve value one in the fastest possible time. On-

boarding is the moment on the customer's journey when we can sit with the customer and confirm what we've learned from the sales handoff (or prior), ensure alignment around goals and milestones, reset expectations where there is confusion, and ultimately map out the Customer Success Plan with the customer. Next, we want the customer to clear that hurdle and have their first win.

During onboarding, you want to give your customer something they care about and value, so you need to sit down with them and agree on what value one should look like. Agree on a win your customer can share with their management that will help them (and your company) look good.

In one case, we were able to identify there was a risk to achieving value one, so we proactively got in front of it to remove it as a high hurdle to success. We suggested a much more feasible, value one. We suggested the "successful roll-out and deployment of all new systems inside one airport." I explained this was a better value one because it would be a joint win early on. It would also give us a chance to work out the kinks and fine-tune our processes before we rolled it out across multiple countries. My customer's response? "Yeah, that makes more sense!"

Pillar #3: Adoption

Onboarding is a finite activity: it's the definitive period when the customer gets to know you. Adoption, on the other hand, never stops.

Value Adopted

Back in 2007, my boss at the time bought me my first iPhone. He gifted one to all of his direct reports. "This new Apple iPhone was just released this week and you should have one." I looked at the phone and thought, Why would I want this? I love my BlackBerry, and I can type 50 words a minute on it. It's my favorite device in the world, and you're giving me this thing that doesn't have any buttons on it and expect me to use it? The iPhone was too different, too foreign. I had no idea how to use it, and I didn't want to learn. I didn't adopt it because I didn't know how it worked. So I gave it to my executive business partner.

I can't remember the specific moment when I decided to bite the bullet and adopt the use of the iPhone, but when I did, my life invariably changed for the better. When I was first introduced to one, I couldn't be bothered, but today, I can't live without it. When customers adopt your product,

you want it to become something they can't live without. Better yet, they enjoy using your product. Customer adoption is achieving operational dependence, while simultaneously achieving business value by using the right features and functionality of the solution.

Pillar #4: Retention

Bain & Company, a management consulting firm headquartered in Boston, conducted a study that concluded a 5% increase in customer retention leads to a 25% increase in profits. Think about that for a second: a small increase in retention leads to massive profits for your company—each retained customer is very profitable.

Value Sustained

Customer retention is the carefully orchestrated process whereby the customer chooses to extend their relationship with you. The customer doesn't choose to stay with you because of the historical value you've driven for them—they stay because of the vision and promise of the future you have painted with them. They trust you because you have driven value in the past, but they will continue to work with you because of the future value you promise to provide.

The Deadly Churn

The breakeven point for a customer to start generating a profit is typically around the 18-month mark. This varies depending on industry, product type, and company maturity, but I have found that if a company churns a customer within the first 18 months, the company will typically lose money. On the other hand, if you keep a customer for five years, everything past month 18 is “practically” pure profit. Customer retention is one of the simplest ways to achieve profitability, ergo customer success can drive company profits.

Be the Growth Engine You Were Meant to Be

Customer retention means being continuously focused on the customers' desired outcomes. It means understanding your customers thoroughly, more than just their goals and desired outcomes. You need to know their personalities. Is the stakeholder driven by ego? Are they altruistic? Recognizing these nuances will change the way you approach an account. It will change the words you use and even the playbooks you write. Remember, a customer's goals and objectives are always changing.

Pillar #5: Expansion

Customer expansion occurs when a customer finds value in your solution and grants you the opportunity to increase that value.

Upselling

Upselling is buying more of the same thing you already have. It's supersizing your meal so you get a bigger portion of food. The most obvious example of this is supersizing your McDonald's fries, and upgrading from a medium to a large. Upselling is selling more of the same. Acquiring a new customer is more expensive than retaining an existing one. Upselling allows you to offset the cost of new customer acquisition.

Cross-Selling

Cross-selling happens when you offer your customer other products and services. If they already have a large order of fries, cross-selling means selling them a hamburger, a soda, and a piece of warm apple pie. A customer initially buys your solution because they have an issue or a challenge they're trying to solve. They come to you for one thing and may not be familiar with the other offerings you have. You might have software products and services that would help solve your customer's additional problems.

Know the stakeholder, identify priorities and room for improvement, connect the stakeholder to your findings, and bring in sales. With upselling, or customer education, you are explaining to your customer the opportunity they have to see increased value through the use of your solutions.

Pillar #6: Advocacy

Yesterday, I had a conversation with one of my biggest customers about their advocacy program. They are a \$1 billion company with thousands of clients. “We have a ton of advocates,” the stakeholder responded. “We always get thank-you notes and emails. And we have internal case studies and testimonials.” “Wow, that's great,” I said. “Do you capture that feedback and share it with the market?” “Oh, no. We don't do that.” “Then you don't have customer advocacy.” “What do you mean?” the stakeholder asked. “You have advocates, but you aren't leveraging them for advocacy.”

Value Championed

Customer advocacy is more than just a pat on the back or a thank-you note from your satisfied customers. Customer advocacy is receiving great feedback and capitalizing on

it. Customer advocacy is a competitive advantage for your company because it assists in the acquisition of new logos and solidifies existing customers through a multitude of assets and programs. How can customer advocacy create a competitive advantage? It's like reading a review before you buy something. The more advocates you have spreading the word, the more evidence you have that your solution works.

Customer Acquisition through Building Advocacy

If we can create, find, and nurture advocates inside our customer base, marketing can amplify their voices via blogs, conferences, case studies, and references. Advocates are another asset that sales professionals can leverage to improve their sales process because ultimately, people trust other customers more than they trust you. You think you have the best solution (of course you do!), but your customers aren't necessarily looking for the best. They're looking for a partner that can drive the best outcome, and advocates can communicate that message.

Pillar #7: Strategic Advisor

Many of you think you need trusted advisors, but what you really need are strategic advisors. The Strategic Advisor Pillar focuses on how to elevate performance and value inside your customer base. A strategic advisor is someone who actively advises organizations on important strategic decisions, in an unbiased fashion, using deep industry knowledge and domain expertise, to deliver the best outcomes through business and digital transformation.

Why Do We Need Them?

Not only do strategic advisors look at the big picture to help solve overarching issues and challenges, but they also prove to your customers that your organization is knowledgeable about their business and the way they operate. Strategic advisors prove to your customers that you understand their priorities, processes, relationships, and politics. They also bring industry knowledge and in-depth understanding of their company's solutions. When you give your customer all that strategic advisor gold, it makes it that much harder to switch vendors.

Customer Success Managers respond to inquiries and incidents. They review results, analyze data, and examine events that have already occurred. They react. Strategic advisors, on the other hand, plot the course and look for deviations. They are heavily involved and own the Customer Success Plan. They hold firm in their recommendations (because of their experience) and aren't afraid to be assertive. They're prepared to push back and escalate if necessary because they want the customer to have success. A strategic advisor is an elevated layer of capability.

Customer success is here to stay, and how it looks in the future of your organization is entirely up to you. But I will tell you this, if you follow the pillars and take the steps outlined in this book, you're off to a really good start.



One of the world's leading customer success experts and a Top 100 Customer Success Strategist, **Wayne McCulloch** works with Google Cloud's entire SaaS portfolio as the Customer Success Leader. He's a keynote speaker and the recipient of multiple industry awards with more than twenty-five years of experience in customer-focused roles. For more information about The Seven Pillars, including downloadable templates and training and certification materials, visit cspillars.com.

The Seven Pillars of Success: A Proven Framework to Drive Impactful Client Outcomes for Your Company by Wayne McCulloch. © 2021 by Wayne McCulloch. Summarized by permission of the publisher, Lioncrest Publishing. 344 pages, ISBN 978-1544516608. Summary copyright © 2021 by Soundview Book Summaries ®