

Advice from Customer Success Experts: Best Practices for Year-End Planning

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With the end of the year approaching, it is a busy time for Customer Success teams. Businesses are under pressure to finish out the year strong, perform Quarterly Business Reviews (QBRs), determine and refresh KPIs for the new year, finalize budgets – and most importantly ensure your customers are successful going into the new year.

Since customer success is still a newer discipline and standard best practices are not so well defined, we decided to reach out to some industry leaders and solicit their advice for end of year planning. We hope that these tips can be helpful to you and your team as you prepare for your year end.

In this eBook we will provide advice on the following areas:

- 1 Tips for Justifying Investment in Technology and Tools for Your Team
- 2 Key Data Insights and KPIs Useful for Customer Retention Forecasting
- 3 Customer Segmentation to Prioritize Your New Year Customer Engagement Efforts
- 4 Tips to Reduce Customer Churn and Increase Upsells Moving into the New Year
- 5 Making Impactful Decisions for Budgeting and Next Year Planning





What are tips for justifying investments in technology and tools for your team?

“ When a company has determined the kind of experience the want to offer a customer, delivering or maintaining that minimum experience for a growing customer base requires investments in either headcount or technology. Investments in technology and tools allow existing teams to be more effective and personal at scale, often reducing the need for corresponding investments towards headcount. It's often incorrectly assumed that a 1:1 touch point (like an email from a CSM to their product's end user) is always better than a technology-driven touchpoint. In fact, technology can facilitate more personalized interactions. In order to implement new tools teams often reevaluate common touchpoints and are able to better customize interactions to relate to an end user's experience and behavior thus far. Smaller Customer Success and Account teams can leverage technology to build or maintain experiences that meet their company's expectations. ”

– **Brooke Goodbary, Customer Success Consultant**

“ The customer is at the foundation of your business. It is your customer-facing employee's main duty to serve them to the best of their ability. Without the customer, there is no employee. This is something everyone must remember when realizing the importance of investing in customer retention. Good customer service will allow them to grow their careers individually and the organization to grow as a whole. ”

– **Matt Leuschner, Managing Director, Gopher Leads**

“ We all have budgets. But if technology is truly useful, impactful, and save your key front-line employees time and frustration with customers, it's worth the investment. ”

– **Bret Bonnet, Co-Owner & Founder**

“ It's important to measure ROI for every product even if the revenue return is indirect and tough to quantify. The relevant manager should even quantify the dollar value of non-concrete benefits that do not have direct revenue return like morale. ”

– **Kean Graham, CEO, MonetizeMore**

ChurnZero Advice

If you find yourself experiencing any of the following; these are top signs it's time to invest in Customer Success Software to give your team the tools they need:



Usage data is not available or useable



Automation of communications is clunky at best or controlled by marketing



Customer data is difficult to access



You need an administrator or expert to do basic tasks



Customer segmentation isn't intuitive and dynamic



Team is reactive and often too late



Indicators for success are stagnant and rudimentary



No tools for in-app communication



Task management and assignment is ineffective



Your data is stale



Forecasts are weak



What are key data insights and KPIs you found to be useful to track for your customer retention forecasting?

“ When wrapping up your year and trying to get a good idea of your company’s metrics and forecast what the following year may bring, there are some helpful KPIs to watch for. The three staple metrics that every team should keep their eyes on are business metrics, support metrics, and usage metrics. Out of all the things you need to calculate to really get an idea of your customer retention success is to measure retention and growth. In other words, your key performance indicator is: net monthly recurring revenue (MRR) churn. ”

- Lindsey Havens, Senior Marketing Manager, PhishLabs

“ For our company, our retention for our first-time customers is around 50%. When that same customer buys from us for the third time, their retention rate shoots up to around 80%. Using this insight, our goal is to get customers to buy more because the more they buy, the more likely they are to keep buying from us. ”

- Stan Tan, Digital Marketing Manager, Selby’s

“ Monthly customer retention: (Total Customers This Month – New Customers) / (Total Customer Last Month) ”

- Kean Graham, CEO, MonetizeMore

“ We look at LTV (lifetime value) for each customer and use that as our primary KPI to help guide customer retention and rewards program along with input from the sales person. Additionally, we look at our forecasting efforts with the effect of how a monetary reward affected the next order and re-engaged an inactive customer. We’re always running smaller experiments that inform larger campaigns around customer retention. ”


- Bret Bonnet, Co-Owner & Founder, Quality Logo Products

“ Churn is one of the most important KPIs for Customer Success and Account teams. Because most teams calculate their churn percentages from January 1st, it’s important to ensure that having just a few data points doesn’t skew your percentages early in the year. A 1.5% churn rate on January 10th is rarely something to celebrate. During the first two months of the year, I prefer to focus on revenue and customer churn by volume versus net percentages. KPIs should also show a team’s performance over different timeframes to track changes this month, quarter, and year. ”


- Brooke Goodbary, Customer Success Consultant

ChurnZero Advice

Try three approaches to setting KPIs for the new year. First, focus on basic overall KPIs, which can include:


Churn Rate=
 # of customers cancelling during a time period
[(time period length) * (total # of customers)]


Average Monthly Recurring Revenue Per User (ARPU)=
 # of customer * average of monthly fees


Lifetime Value (LTV)=
 [sum of all customer MRR / total # of customers]
[# of customers who churned / total # of customers]

Now that you have chosen your KPIs, apply them to customer segments and cohorts (see next section).

Lastly, focus on the data that predicts churn. Consider these factors when assessing a customer’s likelihood to churn:

Product Usage
 Login history, time in app, engagement with sticky features

Support History
 Support ticket volume, # of open tickets, severity of cases

Customer Feedback
 Net promoter score (NPS), customer survey results



What customer segmentation have you used to prioritize your new-year customer engagement efforts?

“ In terms of customer segmentation, we segment our customers by market segment. We have around 10 customer segments and we have found that 80% of our sales come from 2-3 of them. With that, we create personalized customer marketing campaigns with Facebook ads and email to target each of those market segments. ”

- Lindsey Havens, Senior Marketing Manager, PhishLabs

“ We’ve utilized trend analysis to look at cross-sell opportunities, statistical significance of a customer re-ordering with us, as well as basic dynamic content like including their sales person’s information and item name of their last order. ”

- Bret Bonnet, Co-Owner & Founder, Quality Logo Products

“ We segment by product type. For example, we have three products: Ad Exchange, Header Bidding and Premium Publisher. ”

- Kean Graham, Founder & CEO, MonetizeMore



ChurnZero Advice

First divide your customer base into 3 distinct groups:

High Value Customers	Medium Value Customers	Low Value Customers
Keep these customers satisfied with high touch engagements, not discounts	The medium-value segment is ideal for testing promotions and new engagement strategies	Execute inexpensive engagement efforts to identify higher potential accounts

Once you have a sense of the value distribution of your customer base, you can then further divide these groups into more specific micro-segments.

Customer Segmentation Suggestions:

Industry

Customer Lifecycle Stage

Account Growth Potential

Product Usage

Company Size

Customer Health Scores

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What tips do you have to reduce customer churn and increase upsells moving into the new year?

“ Customer Success teams should use data to identify which customers are at risk of churn as well as those that might be ready for an upsell. Customers are more likely to respond to data informed outreaches versus generic checking in messages. For instance, if a previously active customer’s monthly usage drops to almost 0, their Customer Success Manager (CSM) should dig into any issues that could lead to them churning. Alternatively, if a customer is surpassing their monthly data limit on the 15th of every month, getting in touch to discuss upgrading to a plan that includes higher data limits will build trust and could result in an upsell.”

– **Brooke Goodbary, Customer Success Consultant**

“ Here are some tips and main methods I use: Teach employees how to be in the moment with a customer and stay calm, reward them for treating the customer well, give them tools to help the customer in real-time, give them feedback, allow them to be part of the solution from start to finish (it can be rewarding). ”

– **Matt Leuschner, Managing Director, Gopher Leads**

“ To improve customer retention and expansion with a product-led GTM strategy: 1) orchestrate customer onboarding – educate customers on the product and its value 2) invite people who will most benefit from using your products 3) review assigned and user roles 4) integrate with the customer’s data system and third-party data sources 5) train every user in the customer’s organization.”




– **Myk Pono, Head of Marketing, Aprinsic**




“ Have at least one dedicated customer success team member that is incentivized by high customer retention and expansion revenue. Make sure they can see the latest customer retention and expansion growth stats on a daily basis.”

– **Kean Graham, Founder & CEO, MonetizeMore**

ChurnZero Advice

Here’s some ideas for automated customer success plays to help reduce customer churn and increase upsells:

-  Track Onboarding Milestones to Ensure Completion
-  Set Up Alerts for Dips in Product Usage
-  Use Video Tutorials for Deep Product Feature Dives

-  Deploy In-App Messages for New Feature Announcements
-  Send Early Renewal Reminder Emails
-  Create Upsell Engagement Tasks for Approaching Usage Limits

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What is the single most impactful decision that was made during your planning and budgeting last year?

“ The single most impactful decision we made was to base all marketing decisions and ad purchases based off of actual data. Thanks to improved attribution modeling and CRM capabilities we implemented, we were able to focus our ad spend on the customers/properties that drove the more business and had proven themselves to convert well. As a result, 2017 was a record year (13.2% improvement Y/Y) and our 2018 budget is doubled as a result. ”

– **Bret Bonnet, Co-Owner & Founder, Quality Logo Products**

“ To track KPIs on a daily basis and make it available to every team member, then pay bonuses based on those KPIs. These KPIs are tracked for every one of our team members, however, sales is the team that has compensation that is most affected by the KPIs. ”

– **Kean Graham, Founder & CEO, MonetizeMore**



ChurnZero Advice

Here's some first-hand advice directly from one of our customers on their most impactful decision.

“ During year-end planning, there's a sharp focus on our retention efforts. With a large customer base, every point of renewal improvement helps take the pressure off the entire company to meet aggressive growth goals. Within the first 9 months after implementing ChurnZero, we saw a 5% improvement in our overall retention rate and a 20x ROI (return on investment).

I recommend taking simple, straightforward and incremental steps that will lead to a big impact on your customer retention. And most importantly not to put off the investment. **Start now.** ”

– **Steve Shannon SVP of Sales & Marketing, Critical Mention**



End of Year Customer Success Checklist

Conduct a Year-End Review

- Analyze overall customer success results (gross revenue churn, customer retention cost, annual recurring revenue per CSM, account per CSM)
- What were your biggest successes? How were they achieved?
- What were your biggest losses? Why did they happen?
- Have there been any market or competitor changes?

Prepare Your Customers for the Next Year

- Determine goals and KPIs based on current year
- Map out major upcoming customer milestones
- Uncover any foreseen changes in the coming year

Plan Internally for the Next Year

- Set internal customer success team goals and KPIs
- Schedule out milestones for each month and quarter
- Plan new strategies and optimizations to be adopted
- Finalize budgets for technology and team headcount

Close the Year with A Personal Touch

- Send out holiday greetings to your customers from the company thanking them for their business
- Have CSMs send out personalized messages to their clients pledging success in the new year



How ChurnZero Can Help

Customer churn can be very costly for subscription based businesses. Here's how ChurnZero, our real-time Customer Success Platform, can help you expand your current accounts, increase product adoption and optimize the customer experience.



Data

Understand how your customers are using your products and services in real-time



Health Scores

Assess a customer's likelihood to renew with customer health ratings and scores



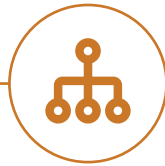
Automation

Automate tasks and communications based on customers' engagement metrics



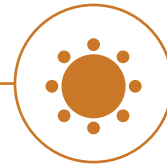
Alerts

Proactively stay on top of changes to an account or contact with real-time notifications



Segmentation

Segment your customers based on attributes or behaviors to prioritize efforts



Engagement

Connect with your customers with in-app announcements as they are engaged



Net Promoter Score

Gauge customer loyalty with built-in NPS surveying and reporting



Customer Journeys

Map your customer's journey (onboarding, product adoption) and track your accounts' progress to success with completion



Analytics

Access in-depth insights about your accounts and their product usage, as well as engagement with contacts

For more information on the impact ChurnZero can bring please visit us at www.churnzero.net or **contact us at (703) 721-4988.**



About Our Experts



Bret Bonnet
Co-Owner & Founder, Quality Logo Products
Bret is a co-owner/founder of Quality Logo Products, a \$40M distributor of promotional products located in Chicago, IL.



Matt Leuschner
Managing Director, Gopher Leads
Matt is Managing Director at Gopher Leads, a SaaS platform for front-line sales, where they live and breathe customer success and service.



Brooke Goodbary
Customer Success Consultant
Brooke is a customer success consultant, writer and expert. She shares her experience working at fast growing startups with her clients and on her blog at www.brooke.land/blog.



Myk Pono
Head of Marketing, Aprinsic
Myk has nine years of experience in marketing, focusing on enterprise software, B2B, and SaaS marketing. He is currently Director of Marketing at Aprinsic, a SaaS company providing a personalized product experience platform.



Kean Graham
CEO, MonetizeMore
Ken is the CEO of MonetizeMore, a leading ad tech firm that is a Google Certified Partner.



Steve Shannon
SVP of Sales & Marketing, Critical Mention
Steve is an SVP at Critical Mention and is responsible for growing the client base and increasing revenues through expansion, leadership and management of the sales and client services teams while overseeing all marketing functions.



Lindsey Havens
Senior Marketing Manager, PhishLabs
Lindsey is a Senior Marketing Manager with over 10 years of experience in marketing, communications, public relations, lead nurturing/generation, and analytics.



Stan Tan
Digital Marketing Manager, Selby's
Stan is the digital marketing manager at Selby's, Australia's leading printing company with clients such as McDonald's.

