



edisonpartners

CEO Seven Webinar Series

THURSDAY, DECEMBER 13TH

CHURN

Guest Speaker



YOU MON TSANG, CEO



*“Growth is Good. But
Retention Builds Empires.”*

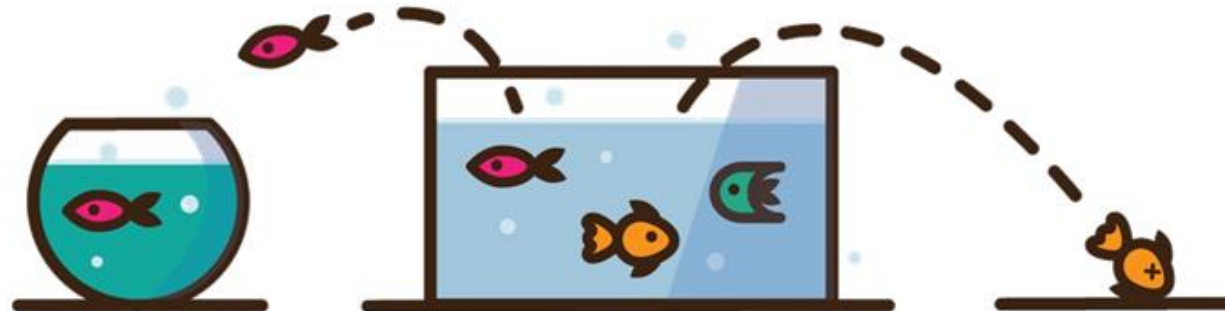
- Jason Lemkin, CEO, SaaStr



How to Calculate Churn

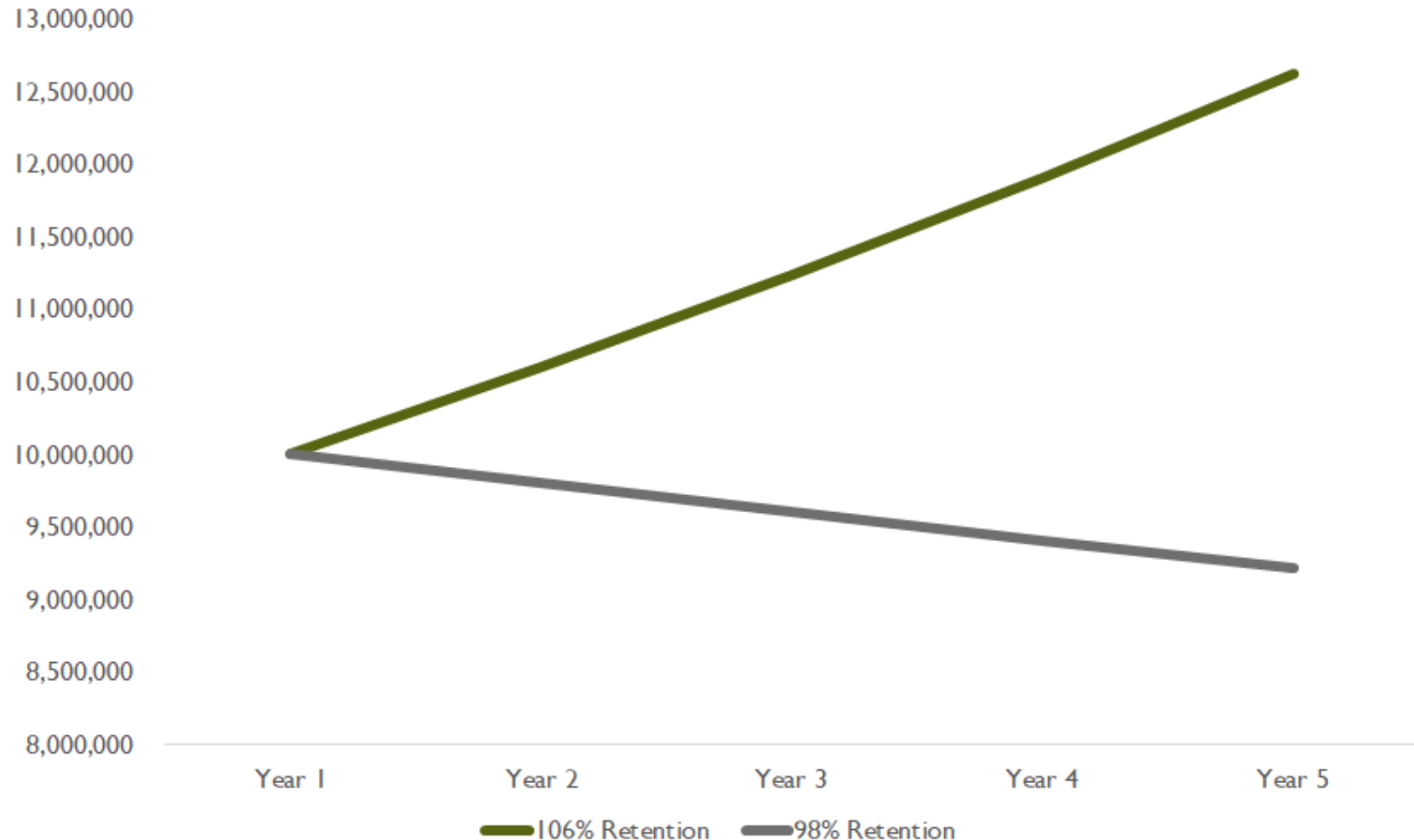
MRR Churned in the Period

MRR up for renewal in Period



Impact of Negative Churn

ARR Growth over time
\$ USD; Years



Perspective

While an 8% delta in retention rate (between fast growers and rest of the portfolio) may not seem significant on the surface, it can have a meaningful impact over time.

Consider two companies with \$10M ARR and retention rates of 106% and 98%. After one year, the ARR bases grow/shrink to \$10.6M and \$9.8M, respectively. Three years later, those ARR bases turn into \$12.6M and \$9.2M. This doesn't take into account new business that will increase that gap further.

Now, consider your customer's lifetime. If you intend to keep your customers for 4+ years, you can expect a 37% lift with only an 8% increase to net retention.



Got Churn? 8 Questions to Ask Yourself

1

ARE YOU SELLING TO YOUR IDEAL CUSTOMER PROFILE?

Focus your entire company on the buying organizations that derive the most value from your product and are willing to pay for it.

2

IS YOUR PRICING MODEL ALIGNED WITH THE VALUE REALIZED FROM YOUR PRODUCT?

Cost cannot outsize customer consumption or outcomes. Adopting a value-based pricing approach ensures usage aligns with price.

3

DO YOU HAVE A DEFINITION FOR CUSTOMER (ACCOUNT) HEALTH?

Identify one or more metrics that correspond with attributes you know result in a successful customer, or a customer at risk of churning.

4

DO YOU TAILOR YOUR CUSTOMER SUCCESS PRACTICES?

Delineate between practices designed for CSMs managing 100 \$20k ARR accounts (1:many), vs. those managing 20 \$100k accounts (1:1).

5

ARE CUSTOMERS ASKING FOR PRODUCT IMPROVEMENTS THAT ARE NOT BEING MET?

When customers don't feel heard and release schedules slip, step back from that last customer complaint to consider the bigger picture and potential of a customer-driven culture.

6

ARE YOU EASY TO DO BUSINESS WITH?

The ability to offer frictionless experiences plays a big role in delighting and retaining customers, particularly with support and contract related processes.

7

WHAT IS YOUR PRACTICE WHEN THERE IS A NEW POINT OF CONTACT AT AN ACCOUNT?

Treat new POCs as if she is becoming a customer for the first time. And try to hone in on whether she stands to benefit personally from continued, successful use of your product.

8

ARE YOUR CUSTOMERS PAYING UP FRONT FOR ANNUAL CONTRACTS?

Customers who pay in advance have a greater commitment to the product and successful adoption of it.

Trade-off of Retaining vs. Acquiring Customers

6 to 7

number of times more costly it is to acquire a new customer than retain an existing one

50%

amount customer attrition rates could reach if you left dormant over a 5-year period

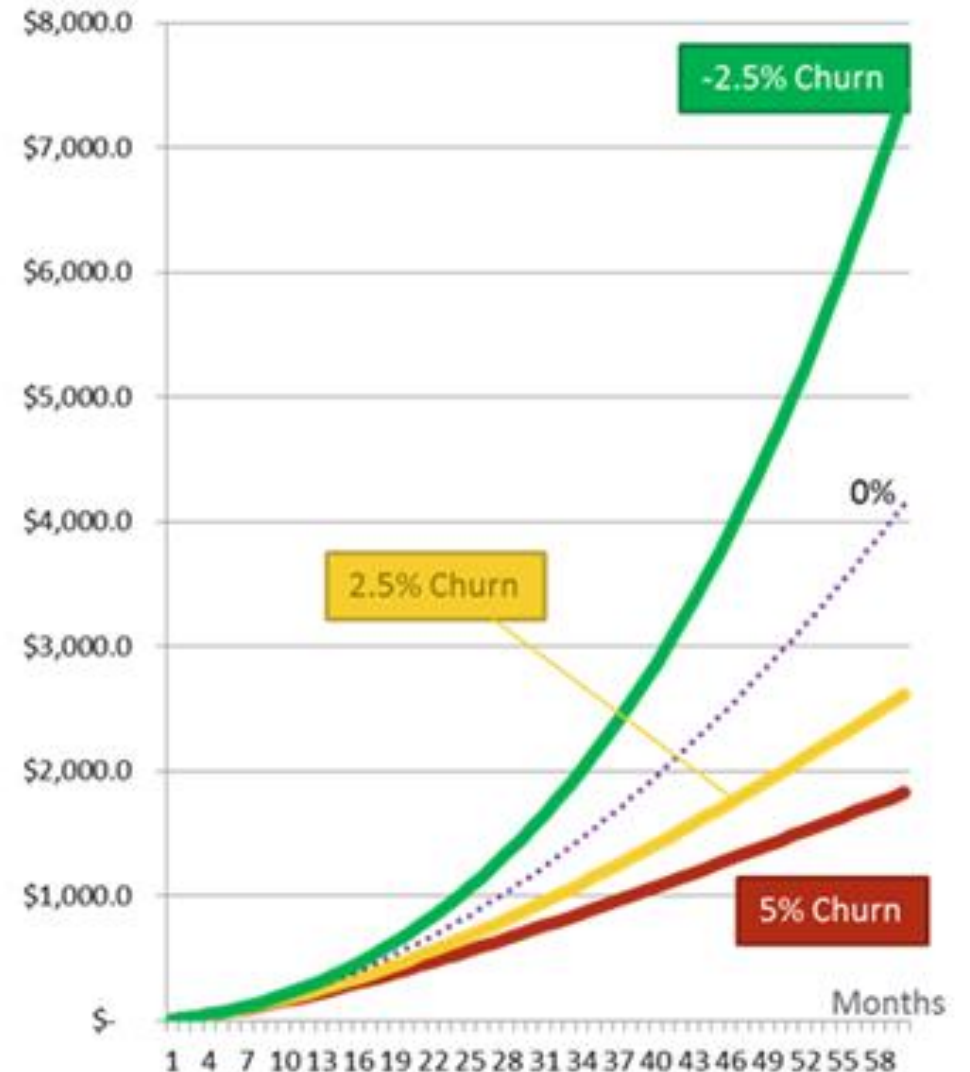
5 to 95%

amount of increased profits that can come from boosting customer retention rates by as little as 5 percent

FINANCIAL IMPACT

Assuming steady new bookings, see the impact of churn.

MRR (Monthly Recurring Revenue)



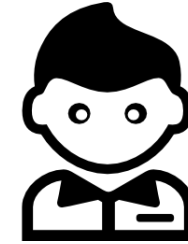
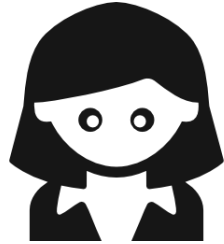
FINANCIAL IMPACT

For every
1% increase in revenue retention,
a SaaS **company's value**
increases by 12% after five years



ENTER CUSTOMER SUCCESS
What is Customer Success?

SUCCESS VS SUPPORT VS ACCOUNT MGMT



SUCCESS

SUPPORT

ACCOUNT MGMT

ACTIVITY

PROACTIVE

REACTIVE

SCHEDULED

ENGAGEMENT

ON-GOING

INBOUND &
TRANSACTIONAL

OUTBOUND &
TRANSACTIONAL

GOALS

BUSINESS OUTCOMES

QUALITY & SPEED

FINANCIAL

THE IMPACT OF LEADERSHIP

+6%

Increase in net retention rate if you have a Customer Success leader

THE NEWEST C-LEVEL DEPARTMENT

61% of SaaS companies:
Customer Success is a distinct organization
that reports to the CEO.

HIGH GROWTH DEPARTMENT

LinkedIn: **#3** Most Promising Job of 2018



CNNMoney/PayScale's **#25** Best Job in America





**BEST PRACTICES &
COMMON QUESTIONS**

FOCUS ON POST-SALES

- Common Questions

- How should I structure my CS team?
- How should I compensate my CSMs?
- What are common points of leverage?
- What goes into a health score?
- What to watch with CS teams.

- Will NOT focus on:

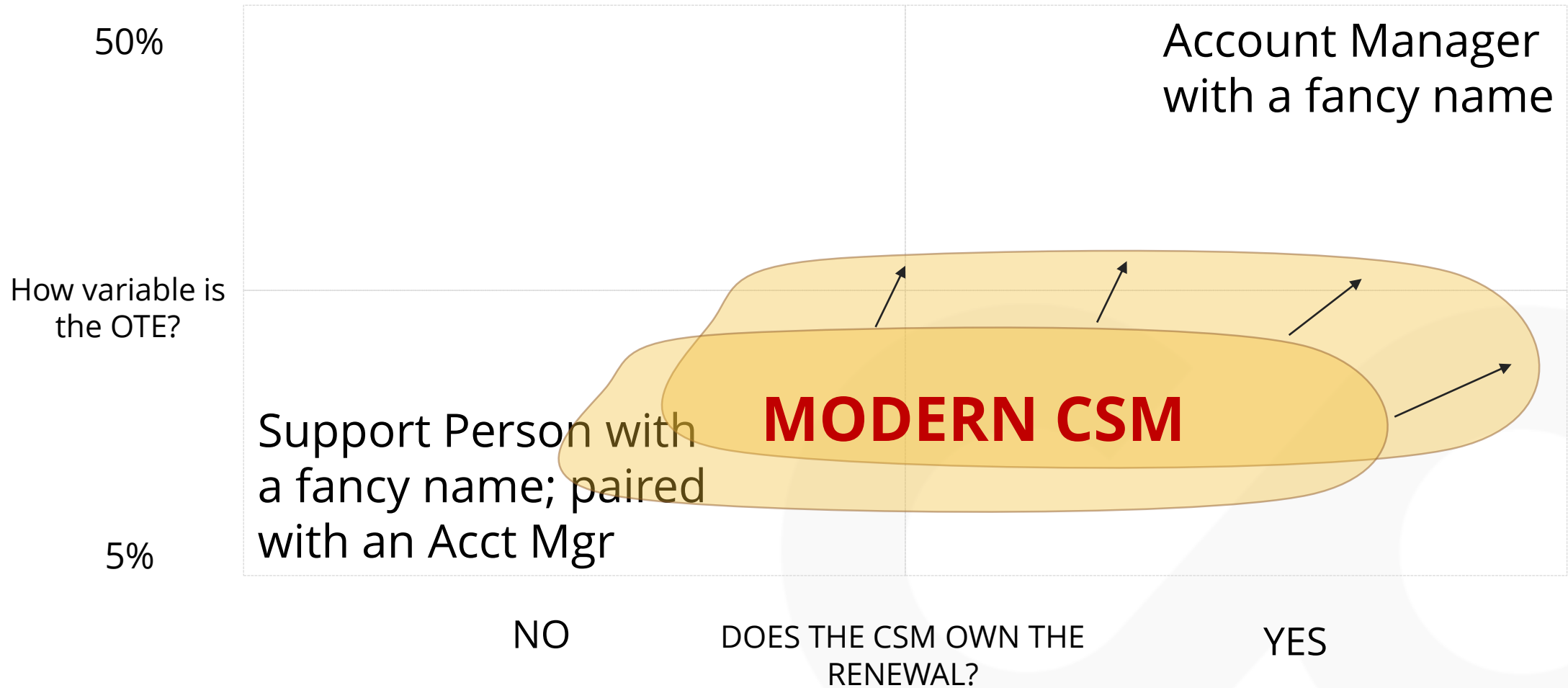
- Product-market fit
- Un-targeted sales and marketing
- Pricing & commercial terms

HOW TO STRUCTURE AN ACCOUNT TEAM?

3+ PEOPLE	HIGH TOUCH LONG ONBOARDING ENTERPRISE ACV	MEDIUM TOUCH MID-MARKET ACV		
TEAM SIZE PER ACCOUNT	HIGH TOUCH SEMI-TECHNICAL MID-MARKET ACV	AUTOMATION SMB ACV		
ONE PERSON DOES IT ALL				
	DOZENS	ACCOUNTS PER CSM	100-250	>250

CUSTOMER MARKETING

HOW SHOULD I COMPENSATE CUSTOMER SUCCESS MANAGERS (CSM)?

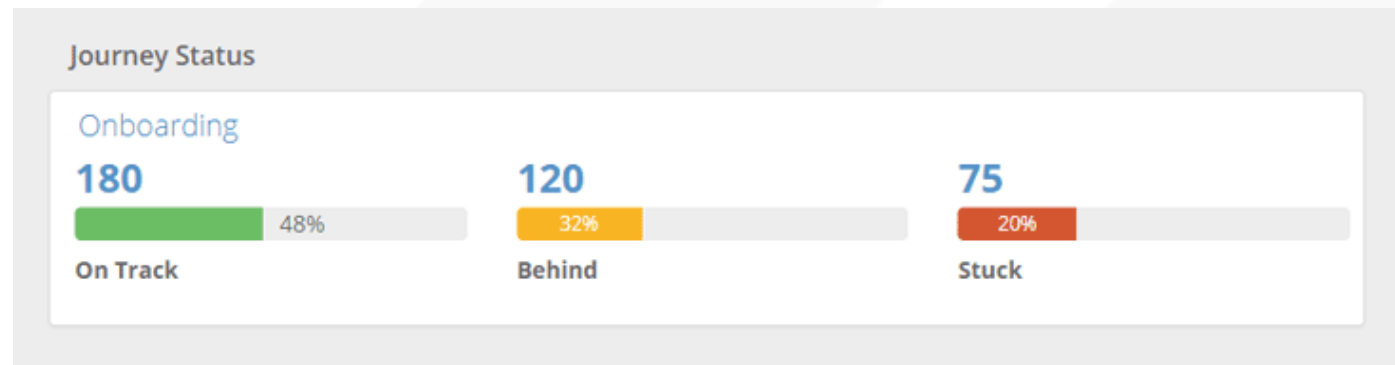


MOMENTS OF TRUTH & LEVERAGE

1. Onboarding
2. Engagement: Onboarded + X months (where X = 1 thru 6)
3. Expansion Opportunity
4. Change in behavior
5. Change in champion

ONBOARDING

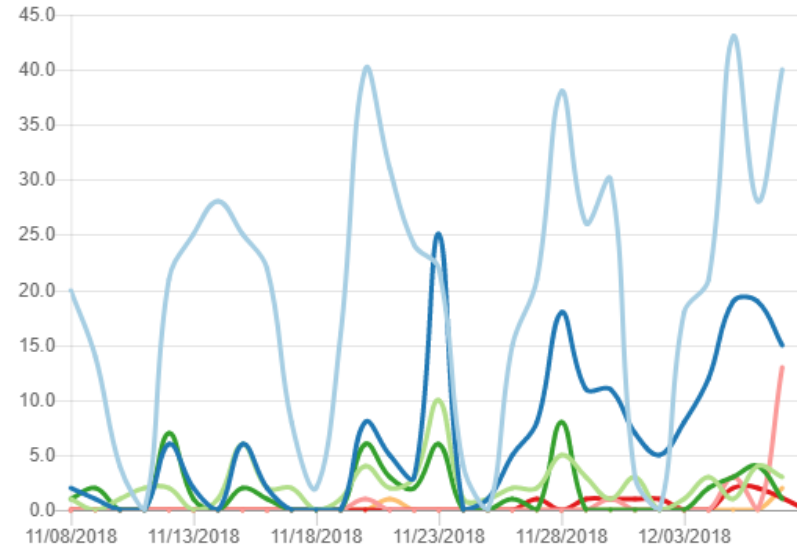
- Set timelines
- Process, not tasks
- Retention happens here and now
- Have a plan for “stuck” customers



ENGAGEMENT

- Conversations are valuable, but...
- Usage > Engagement > Value > Success
- Focus on the path to using the high-value and sticky features

Events Over Time ?



By Number of Total Instances ▾

Select All

- Login
- Posted to Twitter
- Email Sent
- Blog Published
- Post to Twitter
- Posted to Facebook
- Create benchmark report

Event Details ?

Event Name	Instances
Login	589 / 935 ↑
Posted to Twitter	199 / 935 ↓
Email Sent	67 / 935 ↑
Blog Published	50 / 935 ↑
Post to Twitter	18 / 935 ↑
Posted to Facebook	9 / 935 ↑
Create benchmark report	3 / 935 ↑
Posted to Google+	0 / 935
Posted to LinkedIn	0 / 935

EXPANSION OPPORTUNITIES

- Don't forget this. Difference between growth and big growth
- Use metrics to make the ask at the right times

Show me healthy accounts that has doubled usage in the last 30 days

Account | Segments

Show: All Accounts 41

Close Delete Save

CURRENTLY VIEWING
Expansion Opts

ACCOUNT ATTRIBUTE IsActive is true

ACCOUNT METRIC Event Change
Event Type equals Login AND Time Period Last 30 Days vs Previous 30 Days AND Usage Change (Percent) has increased more than 100

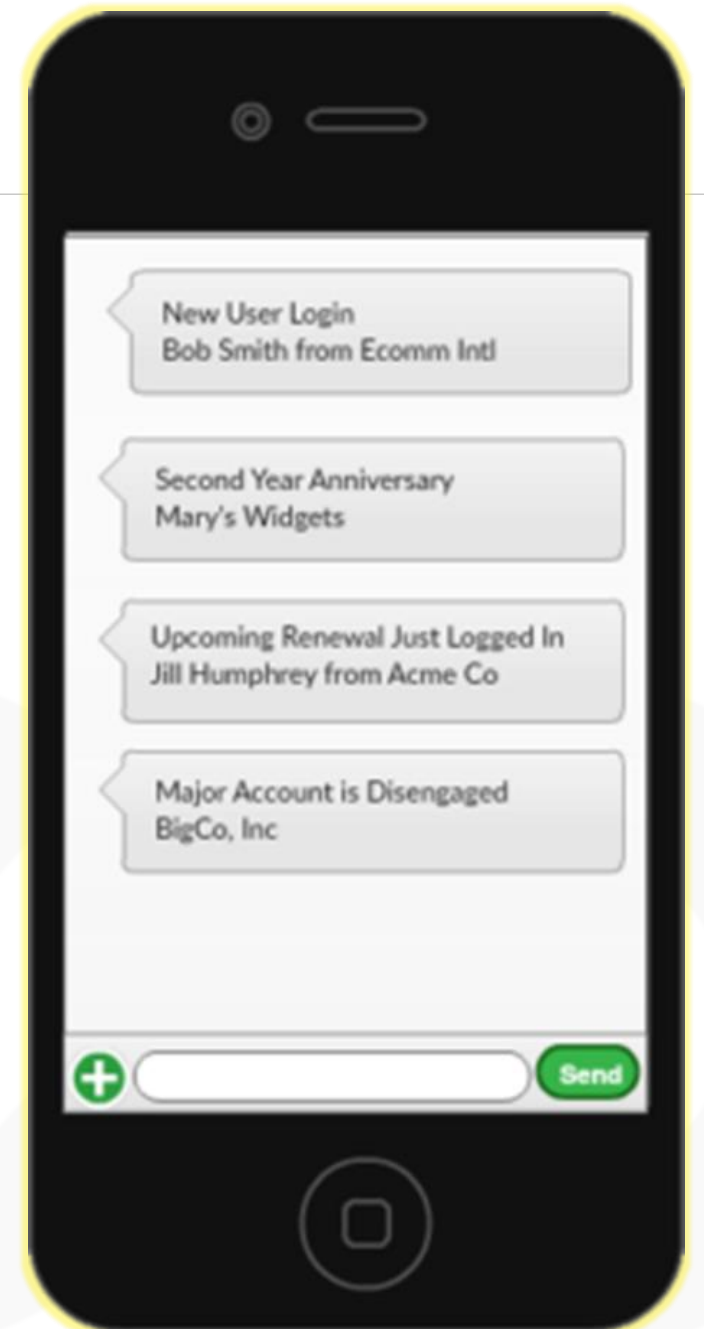
ACCOUNT EVENT (Any)
Number of Events greater than 10 AND Time Period Last 30 Days

ACCOUNT ATTRIBUTE Primary ChurnScore Category equals Low

<input type="checkbox"/>	Name	Total Contract Amount	Primary ChurnScore Value
<input type="checkbox"/>	Connelly, Wisoky and Johnson	\$7,500.00	8
<input type="checkbox"/>	Witting Inc and Sons	\$2,520.00	5
<input type="checkbox"/>	Greenholt-Goldner	\$1,800.00	50
<input type="checkbox"/>	Harris-Pfeffer	\$4,500.00	1
<input type="checkbox"/>	Hudson Group	\$5,040.00	3
<input type="checkbox"/>	Block Inc and Sons	\$2,373.00	50
<input type="checkbox"/>	Wehner, Rolfson and Frami	\$1,100.00	50
<input type="checkbox"/>	Heathcote Inc and Sons	\$11,280.00	42
<input type="checkbox"/>	Bergstrom-Kulas	\$2,520.00	6
<input type="checkbox"/>	Johns, Powlowski and Witting	\$2,500.00	38


CHANGE IN BEHAVIOR


- Don't be surprised
- Set changes for both positive and negative



CHANGE IN CHAMPION


- Track champion usage and on social
- Develop multiple points of failure
- Have a succession / rescue plan

Alert Text  Disengaged Champion

Alert Type  Segment Event Custom Table

Criteria Alert me when enters the global segment labeled:

Alert Message

B I 

POTENTIAL PROBLEM


1) CONTACT CHAMPION: {{ Contact Account Role Account Manager First Name }}

2) DETERMINE ISSUE

3) REPORT FINDINGS TO MANAGER: {{ Contact Account Role Account Manager Name }}


Alert Me YES

For


Specifically For Accounts 

Alert Via

Logged into ChurnZero

Logged out of ChurnZero 

Email (vmcclure@marketingpony.com)

SMS (415-508-7264) 

Slack (@vmcclure)

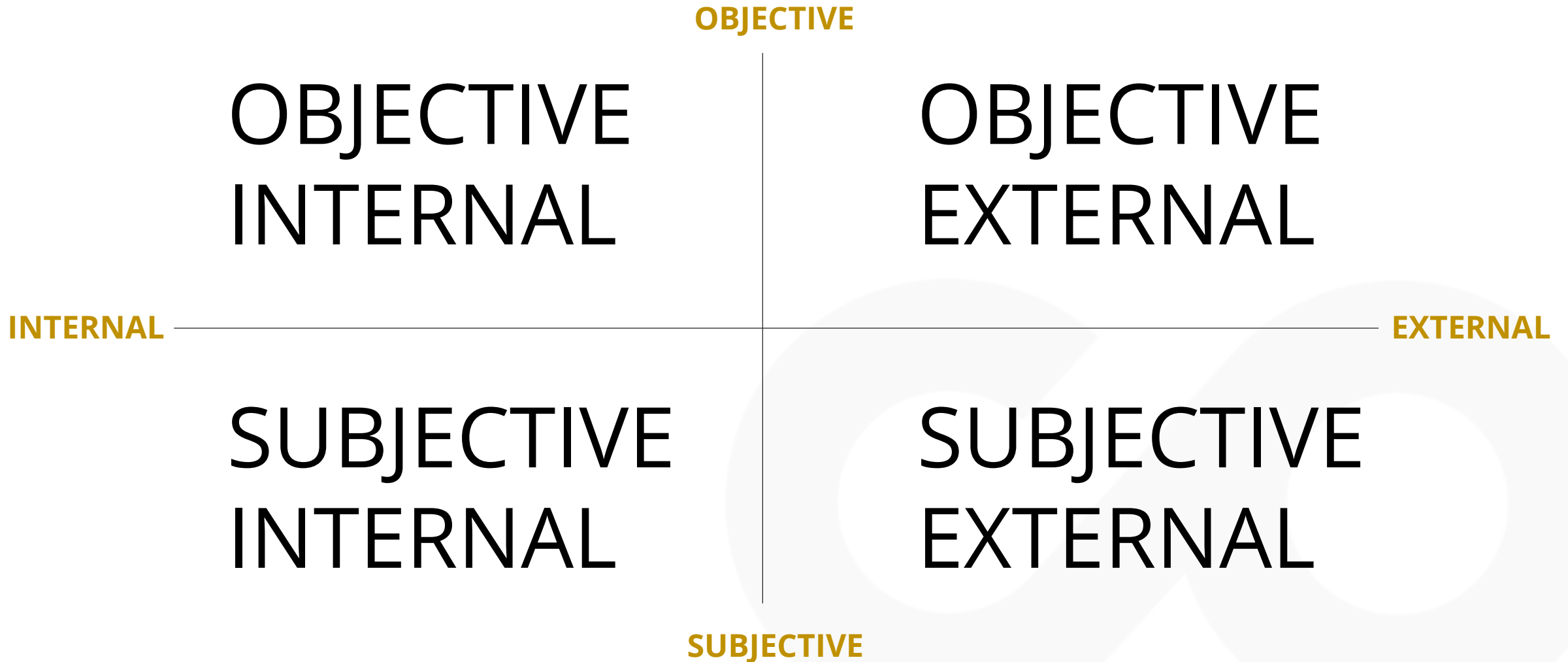
CREATE A HEALTH SCORE



<input type="checkbox"/>	Name	Next Renewal Date	Tenure (Days)	Primary ChurnScore Value
<input type="checkbox"/>	Customer 1	5/18/18	129	40
<input type="checkbox"/>	Customer 2	6/19/18	188	96
<input type="checkbox"/>	Customer 3	10/31/18	23	9
<input type="checkbox"/>	Customer 4	10/1/18	76	91
<input type="checkbox"/>	Customer 5	11/30/18	24	73
<input type="checkbox"/>	Customer 6	4/17/18	160	16
<input type="checkbox"/>	Customer 7	7/31/18	146	8
<input type="checkbox"/>	Customer 8	4/4/18	541	20
<input type="checkbox"/>	Customer 9	7/15/18	152	56
<input type="checkbox"/>	Customer 10	9/30/17	358	84



DATA TO CONSIDER



DATA TO CONSIDER

OBJECTIVE

Usage
Engagement with high-value features
Path thru journeys
Support tickets
Open bugs

Customer communication: quality / consistency
State of champions and decision makers
Status of the company, industry, economy

INTERNAL

Results of Periodic Business Reviews
Evaluations of CSMs

EXTERNAL

NPS, CSAT scores
Product / Service Reviews

SUBJECTIVE

CS BLINDNESS

For Growing Companies, I see two major blindness with Customer Success Leaders.



They build a team of heroes,
not contributors

They are often ignorant of
corporate margin goals





QUESTIONS?

