Integrating Education Services for more powerful Customer Success

Evolving with the Subscription Economy
ENHANCING CUSTOMER PROFITABILITY

Walmart founder Sam Walton once famously said, "There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else." From the earliest days of the technology revolution, software companies applied that maxim almost exclusively on customer acquisition. Make the initial sale – if we do that better than the other guys, we win the day.

But as those companies and markets evolve into a subscription economy – and their senior leadership begins to more profoundly understand the complexities of a brand's relationship with its consumers – it's clear that simply making the sale isn't enough. Ongoing market leadership and long-term profitability relies on a deeper equation. There is a new paradigm emerging. One that is more proactive and goal-oriented than the simple problem solving of "customer service." It's about real-time relationship building with existing customers. It requires thoroughly understanding their needs, advocating for their wants, and helping every customer – not just the top 20% of them – thrive with your product in ways they could never achieve on their own. It's about Customer Success.

As recently as a few years ago, the term "Customer Success" wasn't found in corporate titles. Now, organizational charts are rife with them. Why? Simple. The longer a customer relationship lasts, the more profitable it becomes. And, it costs less to maintain a customer than acquire a new one.

How? That's where it gets interesting.

Not all Customer Success (CS) organizations are structured the same way even though most have the same goal: help customers have the very best product experience possible. Accomplish that and the resulting numbers tell the story: better product adoption, stronger renewals, more robust upselling, and inspiring them to advocate for you. While that core goal may be universal, the path to reaching it comes in a variety of blueprints. Some CS organizations have professional services and support services reporting into a CS team. Sometimes, those functions all operate separately across the same organizational level and roll up into larger business units. Either way, most CS organizations operate in silos, leaving the structure less important than the overarching philosophy that dictates how customer relationships are built. Nothing is more critical to that philosophy than an organization's approach to Education Services (ES).

Turning potential into reality

While it's true every new customer has the potential to succeed with your product, too many CS organizations (1) make assumptions about customer capacity for absorbing knowledge, and (2) put too much faith in the efficacy and elegance of their products. More than any other single factor, a dedicated, strategic and pervasive ES approach can turn CS potential into reality. Quality product design is key. Thorough onboarding is critical. But ES goes beyond how a product works to the more profound concepts of benefit and value.

If indeed the goal is to help customers experience the very best your product has to offer, then educating them is paramount – starting the moment after the sale and through every step of their customer journey. Demonstrate the intrinsic benefits of your product, and engagement and adoption will spike. Teach them how your product helps solve their most severe consumer pain points and go a long way toward overcoming your retention/renewal challenges. Uncover and optimize the full value of a product for a customer, and the stage is set to upsell them to further enhance their experience and ultimately their results.

So, if education is the holy grail, then why aren't CS organizations clamoring to integrate ES into their long-term strategies? Why aren't ES organizations banging on the door of every CS team to make sure their voices are heard? In a nutshell, no one is sure where to start. Unlike accounting and other established business disciplines, Customer Success is still a nascent field, with only a few generally agreed upon guidelines that dictate planning and execution.

On the plus side, Customer Success is a low risk/high reward proposition. Done right, it can optimize existing resources, practices and structures and positively impact every stage of the customer experience, from onboarding to awareness building through usage, value realization and advocacy. Together, those stages make up the customer lifecycle (see graphic) and focusing education on the key interaction points within that lifecycle can deliver extraordinary results.

There is a downside. No instruction manual exists for understanding where to insert education in the customer lifecycle. Even when there's a plan for integrating ES, progress often stalls due to lack of manpower resources and/or clear direction or knowledge of how to execute. That's a lot of uncertainty, but some telling statistics bear out the significant bottomline impact that's really at stake. For a properly educated and trained customer, there is a:

- 92% product renewal average
- 135% increase in product usage
- 2x the rate of engagement

Answering the Where and the How

The numbers don't lie. It's bad business to delay or ignore the power of Education Services. However, the key question remains: where does ES most effectively fit into the customer lifecycle? The answer: there is no wrong answer. ES fits at every stage. Dig deeply into your customer's journey and lead the process for mapping it.

Maria Manning-Chapman, vice president of research for TSIA, explains the customer journey map as "a framework that maps out the stages of the customer lifecycle and identifies points at which CS should engage to drive customer engagement and pave the way for retention and/or renewal opportunities. It enables CS to improve the customer experience by helping it to better understand how customers are interacting with the company and in what areas to invest."

The mapping process reveals obvious intersection points where education can dramatically improve the customer journey when aligned with the lifecycle stages described in the graphic. During the onboarding process, for example, when first impressions make or break an engagement, instructor-led courses and/or online learning can start a customer journey on the right note. The education team can create cheat sheets to help Customer Success Managers (CSM) correctly map new users to the right training for their roles. When the CSM feels confident and comfortable talking about the benefits and value of new user training, then odds are good that the right user is receiving the right training at the right time — every time.

Another example: During the awareness process, providing customers with short tutorials on product features before hanging up can reduce churn by 6%. The education team can provide scripts or easily consumable assets (like quick learning videos) to help educate CSMs and their customers on key product features and benefits.

By its nature, journey mapping requires ongoing conversation, data collection and evaluation. Embrace an investigative spirit. Initiate conversations, instead of just waiting around for a CS strategy to emerge. Become a valuable part of the dialogue by getting a tight grasp on the data behind the role education plays in the health of your customer. Numbers such as inbound customer service calls, educated customers vs. non-educated, retention rates, average revenue and margin. Once you know the data, leverage it in all those conversations you initiate to draw repeated attention to the critical role ES plays in your customer experience.

As you start exploring, the opportunities to make CS real reveal themselves at a furious pace. Don't bite off more than you can chew. Start small. Determine where education can have the most impact and work on those insertion points first, then expand to other stages of the lifecycle at a scalable pace.

Look outside when the time is right

Integrating ES into CS dramatically energizes the customer lifecycle. But the roadblock discussed previously will often surface: lack of manpower resources stifle progress or bring it to a screeching halt altogether. Make the commitment to building your internal team with specific CS expertise. For instance, Virtual Customer Success Managers (vCSMs) can bring a passion to engage with customers and partners, to help them better understand and utilize the full capabilities and features of your products, and to help them achieve incredible outcomes.

From there, you're ready to tap outsourced expertise to accelerate improvement faster than you could ever achieve it with internal resources alone. Much like the CS model as a whole – low risk/high reward – outsourcing with the right partner delivers significant return on investment. Overall cost savings mitigate external expenses. And working with a partner experienced in ES and CS eliminates the learning curve to seamlessly accelerate execution.

An experienced partner can evaluate what's happening with your top tier customers (where you're likely spending most, if not all, of your CS time) and determine what can and cannot be replicated for your lower tiers. Automated communication with tools like Gainsight is helpful, but it's not enough. The right partner, like ESG, will look for meaningful opportunities to engage with even your smallest clients one-on-one because the 80/20 Rule always applies. The top 20% of your customers make up roughly 80% of your revenue and so they get nearly 100% of your proactive attention and resources. But what about the diamonds hiding in that bottom 80%? What about the customers left alone to navigate your products and services? What about the additional revenue that can come with building those relationships without pulling resources away from your top customers?

Prioritize ES integration into Customer Success, with an experienced partner to accelerate the impact, and you'll resolve those questions. More importantly, your customers won't fire you by spending their money elsewhere — they'll promote you by increasing their engagement and spend. Sam Walton would be so impressed.

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