CENTER FOR CUSTOMER ENGAGEMENT

Executing a Billion Dollar Customer Strategy

Bill Lee, Founder
Center for Customer Engagement

EXECUTIVE SUMMARY

Today's "empowered customer" presents difficult challenges. When buying, they do their own research using their preferred sources. They often demand no-strings, short-term commitments so they can walk away easily. Increasingly, the answer to how you win, retain and expand your relationships with such customers is *other* customers.

For example, customer advocates are more credible in your efforts to win buyers and retain customers. A properly formed customer community can help bond customers to your brand. Advisory boards and user groups can provide invaluable input into product roadmaps and strategy. The business case for developing such programs is overwhelming: Just by *participating* in them, customers become significantly more valuable themselves—quite apart from the new customers they help you attract or retain. Marquee customers—the best of the best—can quite literally change the fortunes of a business.

Increasingly, the answer to how you win and expand your relationships with today's empowered customer is *other* customers.

This White Paper is about how to fully leverage this often "hidden wealth" of customers—which is arguably the most important step in not just meeting, but thriving with the challenges presented by the empowered customer.

Key factors covered include:

• Developing a robust customer strategy
Business strategy, when implemented in practice, often focuses on internal, business-centric objectives. These are important, but to be truly customer-centric, the firm must also pursue *customer-focused* objectives and hold itself equally accountable for those.

• Making customers successful *throughout* their customer journey
In practice, "customer success" efforts often focus on making customers successful when they're deploying and using your products and services—the second stage of the customer journey. These efforts also need to focus on making customers successful in the first stage, when they're shopping for solutions, as well as in their third stage, when you're tying to move them into advocacy and engagement.

• Developing *"customer-needs"* metrics
You won't have true accountability for customer-focused objectives unless you measure them and hold the right people accountable for them. Along with business objectives—such as generating leads, closing deals, increasing upsell/cross-sell, improving margins and the like—companies also need to identify and measure *customer-needs* objectives. They must determine if they're making the customer successful *as the customer defines success*.

• Integrating total customer experience (TCE) operations
To provide a successful, holistic customer experience, firms need to identify and integrate their customer-impacting operations—which we'll call TCE. These typically include marketing, sales, professional services, support services, product development, perhaps engineering, and others relevant to the particular business. Senior management must take charge of their integration, often through a working council of leaders from the individual TCE operations, and get their agreement to be held accountable for meeting customer-needs objectives.

• Rapid strategic implementation
As is well known, strategy implementation must be rapid in today's world, and we'll provide some important tips for doing this.

1. CUSTOMER STRATEGY

Let's start by looking at a list of several business objectives a firm might have that involve its customers. See the graphic below, on the right.

To achieve these, existing (or new) customers can provide essential help—by advocating in a variety of ways, by taking part in a well-designed customer community, participating in your advisory board or user group, and the like. All of these put customers together in exceptionally powerful ways, acting as drivers for the business outcomes you're looking for. See the below graphic on the left.

CUSTOMER DRIVERS

- Make customers successful and more connected to us emotionally.
- Capture more of their stories (the right stories).
- Communicate their stories better to other customers and our market.
- Identify, cultivate and deploy more marquee customers.
- Foster more robust and engaging customer affiliations (e.g., communities).
- Engage customers more effectively in product strategy and roadmaps (e.g. CABs, user groups).

STRATEGIC CUSTOMER OBJECTIVES

- Increased customer retention
- Increased customer expansion
- Increased customer acquisition
- Penetrating new markets
- Improved innovation/ understanding of customer needs
- Improved margins by reducing costs of customer service, support, etc.

Winning, retaining and expanding relationships with today's empowered customers is increasingly driven by *other customers*.

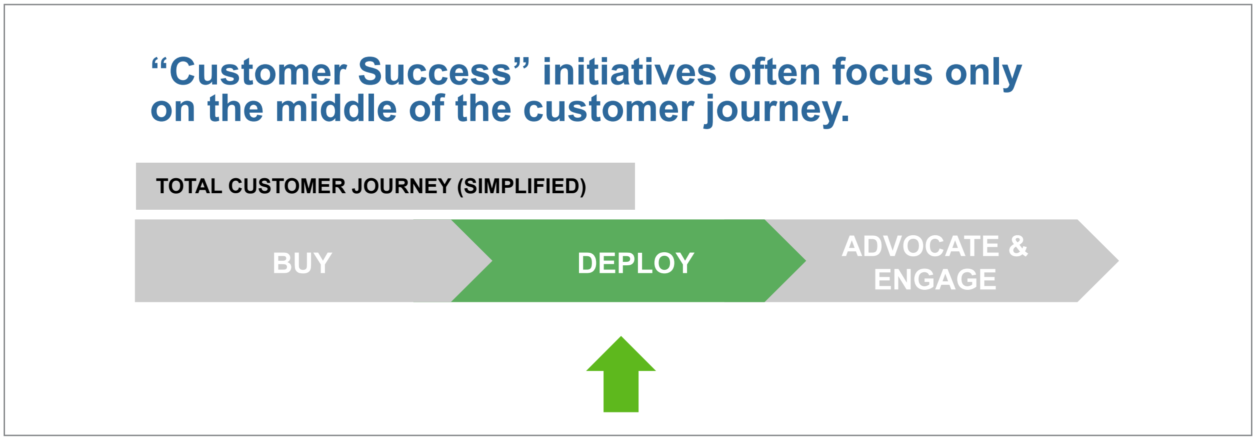
The idea is to re-orient your organization toward making customers successful–as they define "success"–throughout their journeys, and then to leverage them to dramatically improve retention, acquisition and expansion of your customer relationships.

And to do so quickly, without rolling the organization.

Where customer success efforts fall short

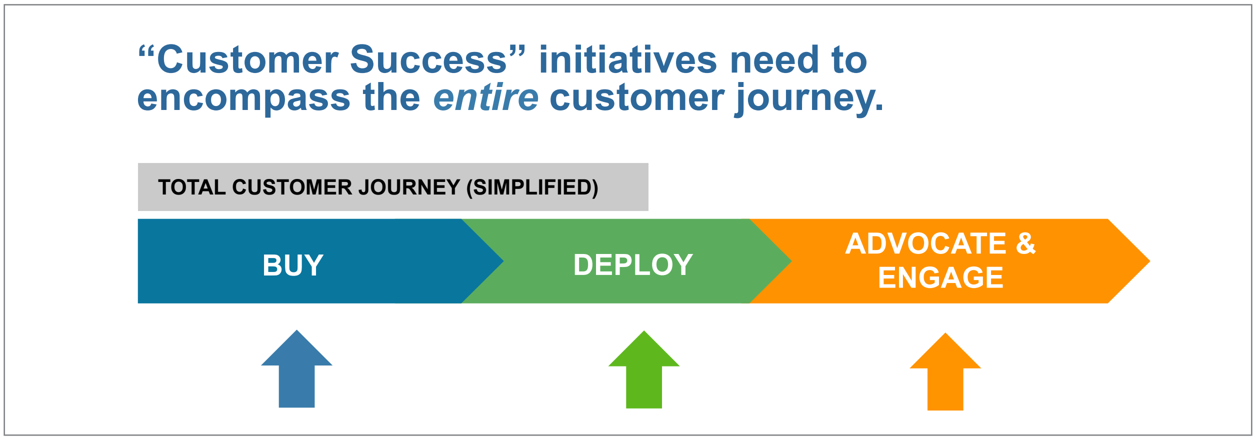
Companies increasingly get the importance of creating *successful* customers. It's essential for retaining them, and critical for using that success to retain other customers and acquire new ones. If you're not making your customers successful, today's buyer, with access to vast sources of information, will find out.

That said, many customer success efforts focus primarily on making customers successful in the *middle* part of their customer journey—while they deploy and use the firm's solutions.



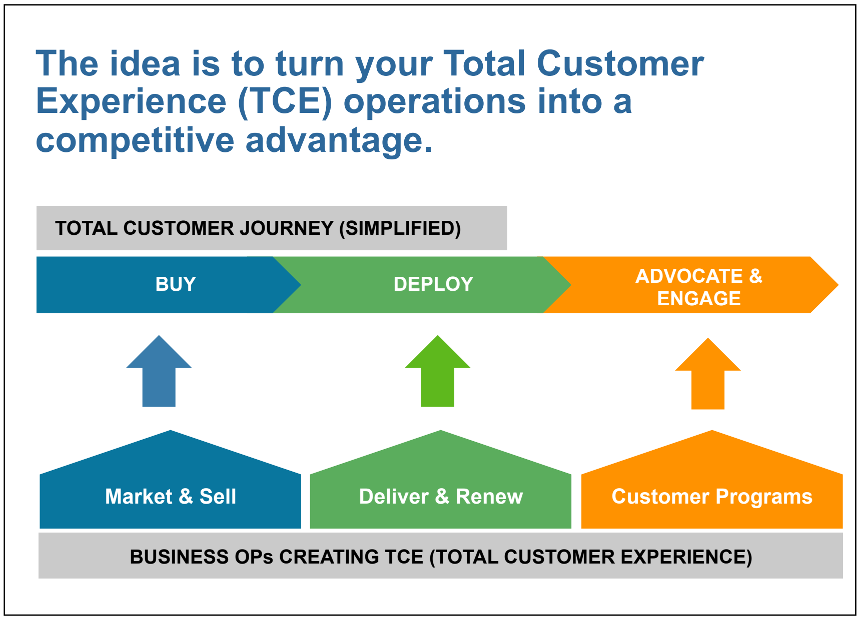
That won't cut it with the empowered buyer—whom companies should regard as a customer already, and who happens to be in an earlier part of her relationship with you. Plus she has her own notion of what it takes from you to make her successful. She wants to be educated, for example, not sold to.

And if you're solid in the first two stages of the customer journey, but provide customers with unattractive options for advocating or engaging with your customer community or advisory board, you lose much of the point of making them successful in the first place. A customer who's successful in deploying your offerings will likely retain and perhaps expand *his* business with you. If you make it exciting and rewarding for a customer to advocate and affiliate with other customers and prospects—if you make him *successful* in that stage of his journey—he'll get *many other* customers and prospects to purchase, renew and expand their business with you. That is, engaged customers can play key roles in your retention and growth strategies.



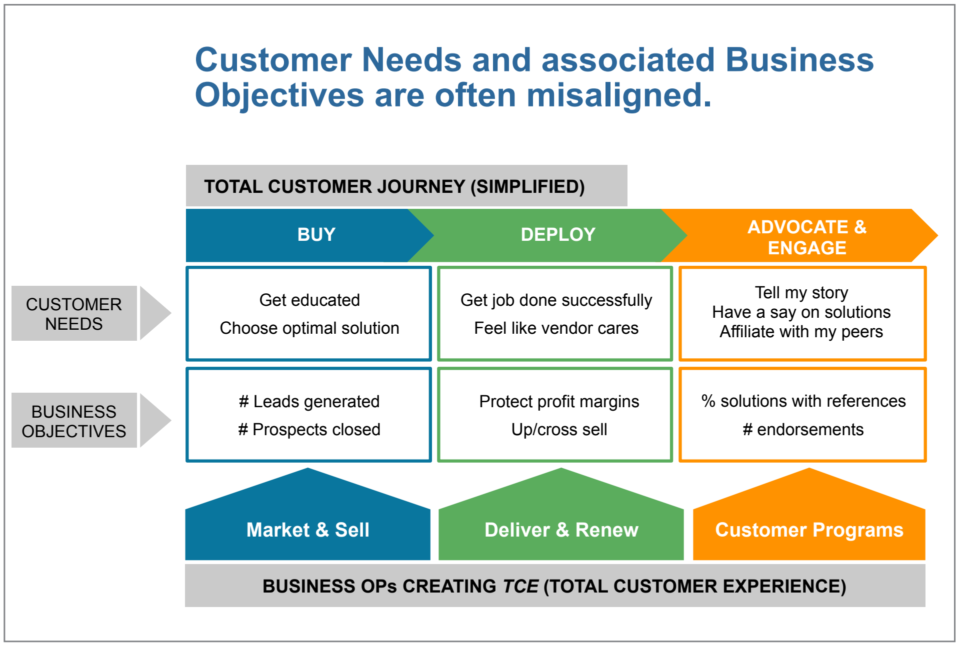
Make customers successful *throughout* their journey

A major player in the transformation to (or improvement toward) a customer-centric organization is what we'll call the firm's Total Customer Experience (TCE) ops. These are the business operations that impact the customer experience in *all* phases of the customer journey. They might include marketing, sales, professional services, support services, engineering or product development, along with customer programs like the advocacy program, customer communities and the customer advisory board. At some point, a business must address how its TCE operations are affecting customers holistically, and turn that into a competitive advantage.

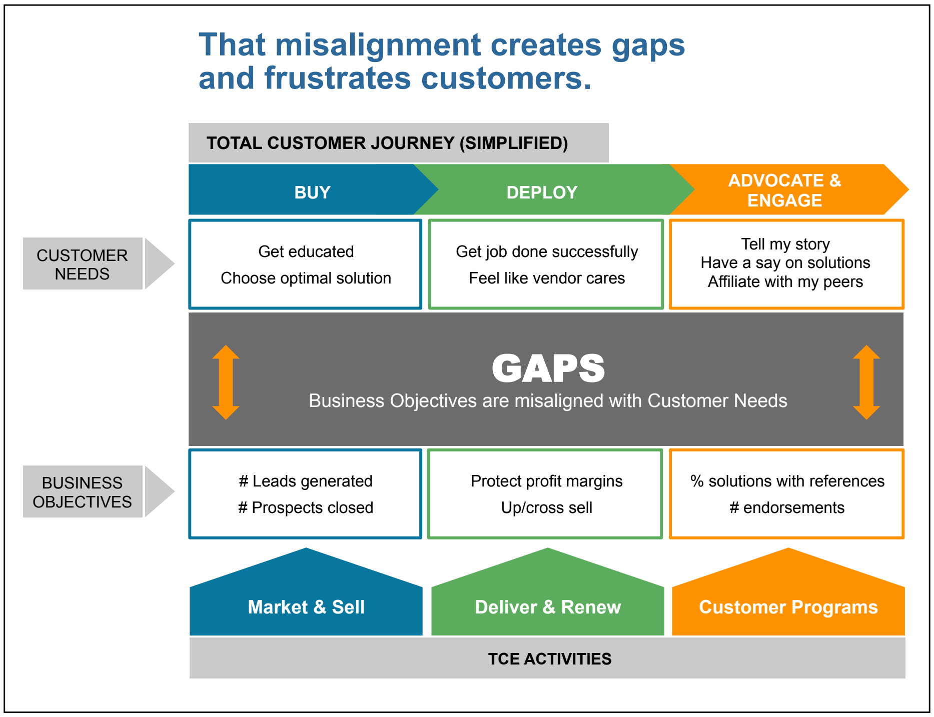


The big gap, and how to fill it

A major reason business growth and expansion strategies fail with customers is that *business objectives* are, inherently, misaligned with *customer needs*. (The customer needs described in a simplified version of the customer journey below are, in effect, indicators of customer success *as customers define it*.)



That creates gaps—that is, built-in, *preventable* disconnects with customers that add unnecessary expense and damage customer relationships. Such gaps keep an organization in repair and damage control mode—a very expensive, even embarrassing way to do business. The CEO of one of the firms in our Advanced Practices study[1] was sometimes shocked to find himself in a meeting with an important customer whom he thought was perfectly happy, but who turned out to be quite upset. Based on the firm's *business objectives* measures, everything was fine with the customer! That became an important impetus for far-reaching changes in the firm's successful new customer strategy.



In the next section, we'll look at some tips for executing a robust customer strategy, and turning your TCE operations into a powerful customer success engine and significant competitive advantage

[1] *Advanced Practices in Customer Advocacy and Engagement*, by Bill Lee, Center for Customer Engagement (October, 2016), http://bit.ly/2fZIsVo.

2. RAPID EXECUTION OF A CUSTOMER STRATEGY

Key factors in a successful implementation include:

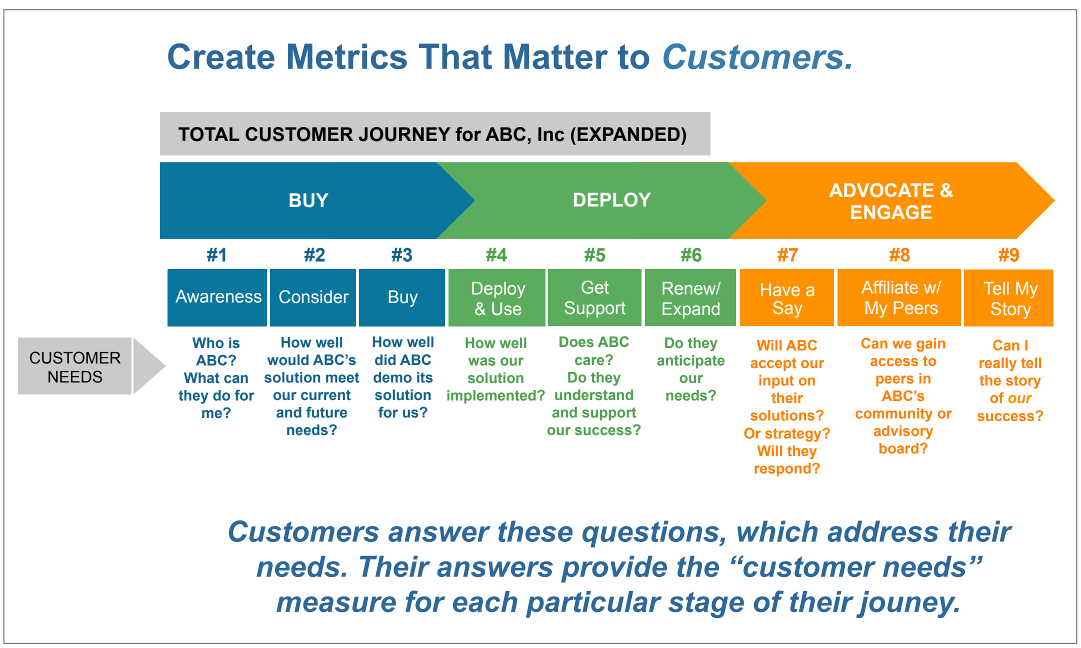
- **The strategy**
  That is, a clear strategy or "desired future state," as described above.

- **The owner**
  Ideally a C-level executive who is financially responsible for the success of the implementation. A CEO, COO or CFO is best.

- **The driver**
  You need a driver who understands how to move the project forward rapidly and successfully. His essential skill is expertise in the *processes* of developing and implementing strategy. Providing outside perspective can also be useful. The driver ideally is "radically results-oriented."

- **Metrics**
  These will be *customer needs* metrics that measure how well the business is doing in meeting customer needs *as customers perceive them*. The metrics can be measured by surveys or, when time is critical, in well-selected focus groups.

Here is a representative example of customer needs metrics that might apply to an XaaS (such as a "software as a service") firm.



Using its discretion, the firm might weight each answer according to its importance to the firm's customer strategy, in order to develop an overall customer health index. The goal of the strategy is to raise these scores measurably, leading to improved retention, expansion, acquisition and so forth.

- **The implementation team**
  This consists of well-selected leaders from your Total Customer Experience (TCE) operations. Each will take responsibility for one or more of the customer needs metrics relative to the strategy.

  You want implementation team members who are enthused about moving the organization into an exciting future. Ideally the team consists of no more than eight or nine people. That will likely lead to pushback as other stakeholders begin thinking of other people—often themselves—who "should be in the room." The implementation driver and CEO[2] (we'll assume for these purposes that the CEO owns the implementation) must push back on this. More than eight people will typically bog down the effort at some point. This is one of many cases in the design of the implementation process where "lean" is essential.

- **Engaged customers**
  Finally, under key factors for the strategy execution, a sometimes overlooked—and frequently underestimated—resource is your customers, who can do a lot more than buy your stuff. They can play extraordinary roles in helping your TCE operations meet the objectives and in achieving the future state of your strategy. In our Advanced Practices on Customer Advocacy and Engagement research, we found extraordinary and creative uses of existing customers to help solve vexing customer problems *throughout* their journey.[3]

Here are a few examples:

- Traditionally, firms use customer references to close deals, at the end of the buyer's journey. Firms increasingly use customer *advocates* (who have much broader uses than references) throughout the buyer's journey. For example, in **BMC**'s extensive rebranding effort in 2016, which affects the earliest awareness phase of the buyer's journey, its advocates provided rapid and clear input on a number of thorny issues the CMO and his team wrestled with. Advocates answered several questions about how BMC customers viewed the firm's current brand. They gave guidance on choosing among competing advertising campaigns. They also told BMC executives which new name—from a couple of competing choices—they preferred for a flagship product. The input from advocates was so quick, decisive and effective that the CMO now insists that advocates be consulted on all issues relative to branding.

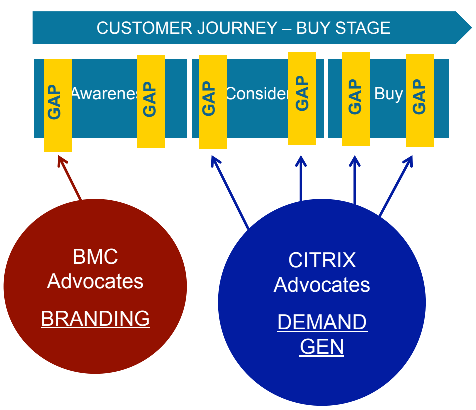
---

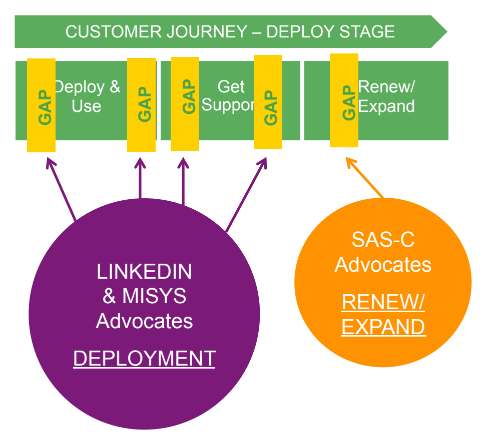
[2] Of course, sometimes the CEO will push back on the limit of eight people. If an accommodation can't be worked out on this, the prospects for the implementation's success go down substantially with every person you add to the team.

[3] See Advanced Practices report, http://bit.ly/2fZIsVo. For a much more complete analysis of what customers can do to build your business, see *The Hidden Wealth of Customers* (Harvard Business Review Press), http://amzn.to/2fFqULm.

- The **Citrix** advocacy program is integrating its advocates into the firm's demand generation operations. Citrix is finding that today's empowered prospects value information—if provided in the right format—from their peers at *all* stages of buying.
- **LinkedIn** uses specialized advocate case studies *after* the purchase, during the time when nervous customers are sweating over the implementation of a solution that they talked their company into. LinkedIn has found that new customers highly value input and assurance from more experienced customers who've "been there" before and succeeded.
- When **SAS Canada**'s retention rates were dropping off, the firm fell back on its "Customer Champions" (or "Marquee Customers"), whom the firm has cultivated (wisely) for years. The firm mobilized its Champions into a remarkable series of efforts. The centerpiece was a campaign of live forums in some 20 cities, in which the Champions developed the agendas, led the meetings, lined up speakers, and sometimes presented themselves. Other channels included webinars and a newsletter. The Champions were key to rapidly restoring the firm's retention rates, and at a cost well below what a sufficient marketing campaign would have been.
- The most advanced of the firms in the Advanced Practices research, **Misys**, has gone a step further in showing the value of a robust customer strategy. The firm is mobilizing customer advocates to form the backbone of its ambitious Misys Connect program, which is offered to selected new customers to help ensure their success with the firm's software. Of the 10 offerings provided by Misys Connect, six involve engaging with other customers to meet their needs throughout the deployment and engagement phases of their customer journeys. Attracted in part by the opportunity to engage other Misys customers, no customer who's been invited to participate in Misys Connect has refused.

Advanced Practices firms engage customer advocates to fill significant gaps *throughout* the customer journey.





Now that we have our key resources in place, here's how to mobilize them in a rapid, successful customer strategy implementation.

Tips on getting radically results-oriented

In my observation with clients and colleagues, a lot of people who say they're "results-oriented" are typically about 70-80% *not* results-oriented. "Results-oriented" means that the *only* tasks that you do will further an important, *measurable* objective. A *non*-results-oriented task is one that doesn't move the needle. For example, the classic test for a firm trying to improve customer experience is: "If we stopped doing X, would our customers notice?" If they wouldn't, that's a non-results-oriented task. The idea is to get rid of *all* such tasks.

Left to their own devices, teams are prone to spend a *lot* of time doing non-results-oriented tasks. Following are some tips on how to prevent this.

Who meets?

There are two primary types of meetings.

- The driver should have a fairly frequent schedule of meetings with the implementation team—every week or two (no hard and fast rule here). These are designed to keep the team moving toward their individual goals and the overall objective. These meetings provide many opportunities to strip away all non-results-oriented activities.
- The implementation owner (the CEO in this case) and the driver should meet regularly, perhaps once every month or six weeks. A primary purpose of these meetings is to arrange resources and support for the implementation team.

What happens?

At each meeting, the implementation team focuses on just two things:

- Progress toward their measurable goals.
- The *necessary* things (or "conditions") that team members need to continue making progress.

  What will they need, for example, from other members of the team to make progress in the upcoming "sprint" until the next meeting? What will they need from other parts of the business (which the driver may take up with the CEO in their meeting, if needed)? These necessaries are discussed, negotiated and worked out, so that the stage is set for the next sprint.

That's it. Once these are clarified, meeting over.

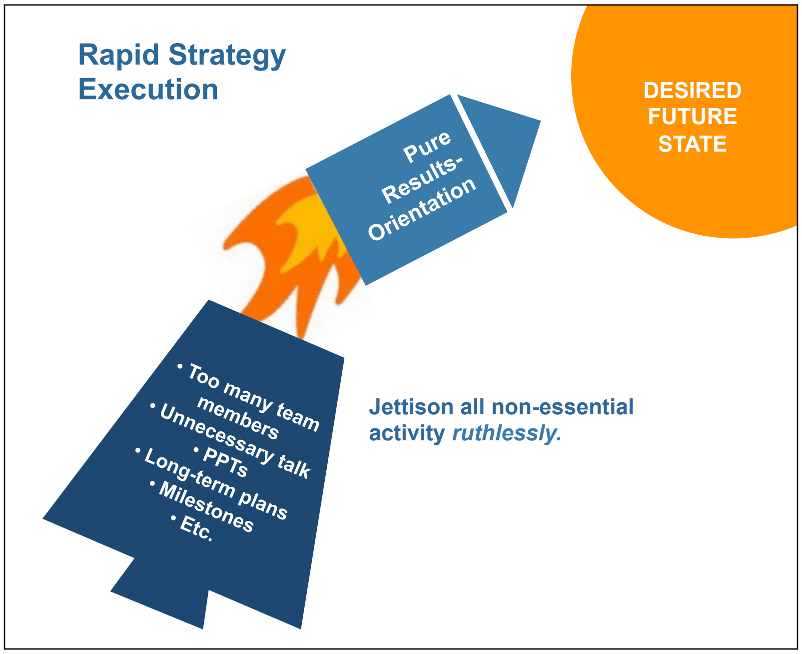
What doesn't happen?

- **No PowerPoints**
  The working group will *not* create or deliver progress reports or PPTs about actions they're taking or not taking, or lessons learned particular to their job or department, and the like. Why does customer service, for example, need to know about problems or solutions that marketing is having with social media issues?

- **No Long-Term Plans**
  "Battle plans never survive beyond first contact with the enemy," says a famous military maxim. The same for markets. Or reality in general. Yet organizations nevertheless forge ahead, making and arguing over elaborate plans stretching far into the future. They don't work! So stop with the planning, beyond what you're going to do in the next sprint to make progress toward your measurable goal.

- **No Milestones**
  While you're at it, don't hold group members to interim progress goals—or milestones—regarding the metric they're responsible for. Tackling a challenging objective for your firm is…challenging. You're not going to make punctual, linear improvements. It's better to allow for the unanticipated, the surprise. To allow for learning. If you put relentless pressure on managers to meet rigid interim goals, you're likely to get "gaming" of the system, or watered-down compromise goals. It's better to simply ask for improvement from one work group meeting to the next. Sometimes it might be 1% progress toward your ultimate objective. Sometimes it might be 25%. Both are fine.

Values in action



The need for values in a strategy execution is actually abundantly clear to those who own or drive the project: You're assembling a very small team to push forward significant changes to the entire business. It's somewhat like a small group in a raft setting out into a broad horizon, not entirely sure how they'll reach their destination. They'll need a common set of values that all are expected to adhere to.

Same goes for the implementation team. Examples of important values for a strategy implementation team include, at minimum:

• Trust • Reliability • Openness
• Courage • Speed

But any suggestion of instilling "values" in a group can lead to an immediate outbreak of eye-rolling among team members, so don't mention them. *Teach* them, in action. Here's an example of an effective way to instill these, using a situation that is almost guaranteed to come up.

In the team's second meeting, deliverables from each of the team members will be due, say, two days beforehand, so that they can all prepare for the meeting itself. This will especially help team members anticipate what "necessities" they'll be asked to provide for the next sprint.

Invariably one or two of the team members won't have their deliverables ready. It's at that point, during the meeting, that the driver must call out the wayward team member(s).

The driver should do so not by shaming the offender, but by explaining the importance of the relevant value at stake—in this case, reliability—and by emphasizing the consequences to the team and to the success of the strategy itself that come from ignoring that value.

That should solve the problem going forward.

SUMMARY

Developing and executing a robust customer strategy—one that makes a significant impact on customer retention, expansion, acquisition and other customer behaviors critical to the business—is obviously difficult. The best way to achieve success is to keep the implementation process radically simple.

You need a powerful *owner*—best to have a CEO or CFO who is financially responsible for the success of the implementation, and with the clout needed to make sure the implementation team has its "necessaries." A skilled driver who understands the *process* of implementation. A small, well-selected implementation team from your TCE operations who are excited about rolling up their sleeves to make a significant positive change to the business. And highly important: radically results-oriented meetings followed by sprints forward that focus on measurable improvements.

TO LEARN MORE

Suggested Resources

- ***Advanced Practices in Customer Advocacy and Engagement***, Bill Lee, Center for Customer Engagement (2016) http://bit.ly/2fZIsVo

A 50-page research report from our qualitative study of top firms in the world in the area of customer advocacy and engagement.

- ***The Hidden Wealth of Customers*** (Harvard Business Review Press), Bill Lee, Center for Customer Engagement, http://amzn.to/2fFqULm

The book on customer advocacy and engagement, provides invaluable information on how companies are tapping vast stores of wealth within their customer base.

ABOUT

Bill Lee is Founder of the Center for Customer Engagement, which has built a global community of top-tier corporations around the concepts of customer advocacy and engagement—**Microsoft, Amazon Web Services, Salesforce.com, CA Technologies, Citrix, 3M, LinkedIn, HubSpot, Intuit, Oracle, GE Healthcare, Dell, EMC, SAP, McKesson, Red Hat, Wells Fargo, SAS Institute, AmerisourceBergen, IBM** and other firms participate in our research and educational offerings (including the annual Summit on Customer Engagement [http://2017.summitoncustomerengagement.com]), and/or use our consulting and advisory services.

Bill is author of the book in the field, *The Hidden Wealth of Customers*, published by Harvard Business Review Press and described by Forbes Online as “one of the most insightful business books I’ve read this year.” He’s been published, quoted or interviewed by *Harvard Business Review (HBR), The Wall Street Journal, Fast Company Online, Forbes Online, RainToday, CMOCouncil.org, CRM Magazine* and dozens of other major publications.

Bill Lee
Founder
Center for Customer Engagement
+1 214 907 5600
bill@c4ce.com

“one of the most insightful business books I’ve read this year.”
– Forbes Online