

Customer Success Takes Engagement to the Next Level

When customers buy your product or service, the relationship is only beginning

AT A RECENT tech conference in Silicon Valley, an overheard remark from a participant captured the uncertainty around the concept of customer success: “Not sure I know many companies trying to achieve ‘customer failure!’”

It should come as no surprise that there is confusion over what is meant by “customer success” and how exactly to apply this new approach to your day-to-day business. Like other paradigm shifts, it will take time for customer success to become mainstream. Let’s take a brief look at these paradigm shifts.

The Product-Driven Paradigm: Until the 1990s, companies generally manufactured a product or provided a service and then promoted the heck out of it, telling customers that their offering was superior to competitors’ because of its outstanding features. This was the “build it and they will come” era. The failed Studebaker car is a classic example of the product-driven approach and illustrates how such an approach can crash and burn.

The Customer-Driven Paradigm: An important transition took place in the 1990s as best-in-class companies realized that product features alone cannot sustain differentiation over the long term since they get copied by competitors over time. Rather, these companies moved to a customer-driven approach, whereby companies began to manufacture products and provide services based on input received directly from their customers. The minivan, for instance, came out of this new customer-driven approach.

The New Customer Success Paradigm: The past few years have seen the customer-driven paradigm give way to the customer success-driven paradigm, brought on by subscription and pay-as-you-go business models. Under this approach, a company’s customer success manager is responsible for managing the relationship with customers, with the goal of making the customer as successful as possible with your product or service and thus improving the customer’s lifetime value. The main benefits include reducing/managing churn, driving increased contract value from existing customers, and improving customer experience and satisfaction. The ways to drive toward those benefits include health checks, quarterly business reviews, and proactive outreach. To continue the car

theme, Tesla is an example of customer success in action; by monitoring each owner’s driving habits through software and then upgrading that software to meet his unique driving habits, Tesla has shot past most carmakers in customer satisfaction ratings.



APPLYING CUSTOMER SUCCESS TO YOUR BUSINESS

Think about your business for a moment. When you sell your product or service to a customer, what success metrics do you have in place to determine how much value your customer is gaining from your product or service? How do you measure the perceived value of your product or service? Should you measure customer satisfaction? Repeat orders? Willingness of your customer to recommend you to a friend (Net Promoter Score)? Positive mentions on social media sites? Or do you go one step further and measure value by promising measurable results to your customers, e.g., your industrial machines will have less downtime if they use our synthetic industrial lubricant, your sales force will close more business if they apply our sale pipeline management software, etc.?

The key takeaways are these:

- Gone are the days when you can “push” your product or service onto a customer (product-driven).
- While it is critical to listen to the needs and wants of your customers and build these into your products and services, this alone will not assure the success of your product or service (customer-driven).
- Now more than ever is the time to focus on your customer’s success and ask yourself, “How is our product or service adding measurable value to our customers, and what metrics do we put into place to measure this value?”

No company is trying to achieve customer failure. But to survive the current paradigm shift, your company needs to focus on the value your customers receive from your offering. Determine what metrics you should use to measure your customer’s success. Create a customer success process and implementation plan. Then engage with your customers and make customer success happen. 

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ASK YOURSELF,
“HOW IS OUR
PRODUCT OR
SERVICE ADDING
MEASURABLE
VALUE TO OUR
CUSTOMERS?”