Avoiding death by stovepipes

How to get marketing, sales and customer success working together to improve customer lifetime value

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[1] *I am greatly indebted to Bob Apollo of Inflexion-Point Strategy Partners for his invaluable contributions to this paper.*

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How many times have you heard, or even experienced, one or more of the following:

Sales to Marketing: Your leads are awful and now I'm going to lose my commission!

Customer success to sales: You know we'll never be able to renew that customer!

Marketing to customer success: Your referrals aren't worth wasting our time on!

Marketing to sales: You have more than enough leads. You've done nothing with all those we gave you last week!

CEO to Sales Director: Whatever it takes – just don't miss your quota or you screw the revenue forecast for the quarter!

Customer success to sales: Why didn't you pass on what Joanne said. You made us look like idiots!

Customer to everybody: You can't deliver what you've sold me. Your left hand doesn't even know you have a right hand. Goodbye!

Note: I have omitted the expletives and invective that often accompany these and many other comments of a similar nature.

These problems and others like them are a real drain on the company:

- Time is wasted that can be spent better on winning and keeping customers
- Arguments between teams create barriers when what is needed is greater collaboration
- Marketing spend is ineffective leading to high acquisition costs
- Reputation is damaged as customers share their frustration of your failure to deliver benefits promised
- Internal friction inevitably creates problems and uncertainty with customers
- Churn is abnormally high with some customers, particularly in the early stages of the relationship
- Sales struggle to convert bad fit leads often increasing discounts to win business
- Potential opportunities are missed because the customer isn't engaged appropriately.

As a result, key metrics like Customer Acquisition Cost (CAC), CAC Ratio, Lifetime Customer Value (LTV) and Net Revenue Retention (NRR) all suffer. These add-up to under-performance, employee dissatisfaction and poor profitability leading to low company valuations. Not where any SaaS CEO or senior leader wants to be.

Alignment by design

The underlying cause of these problems is almost always a lack of purposeful design: a failure to get marketing, sales and customer success to agree **and act coherently** on three key things:

- Targeting the issues, organisations, roles and trigger events that will enable the organisation to address the most valuable customers at the most appropriate time - captured in an Ideal Customer Profile
- An end-to-end buyer/customer engagement journey that starts long before the sales cycle, extends throughout the life of the customer, advances the customers buying decision and delivers customers' goals
- Metrics and performance related pay that focuses on key outcomes over narrow activities

Let's take a look at each of these components.

Ideal Customer Profile

This detailed description of the people you want as customers consists of four key elements:

Key Issues

What are the key issues that are most likely to cause our prospective customer to take decisive action and which we are uniquely well-equipped to address? This is the basis of product-market fit.

Target Organisation Profile

The common characteristics of the organisations you are most likely to be able to do profitable business with:

- Demographic factors: such as their industry, location, revenue, number of employees
- Structural factors: such as the systems they have in place, their go-to-market model
- Behavioural factors: such as their appetite for innovation and their track record of doing business with best-of-breed vendors
- Situational factors: such as the key trends affecting their market sector

Key Stakeholder Profile

The specific roles you want to engage - it is important to target people who have the capacity to act as change agents and to mobilise their colleagues to take action both pre and post-sales.

Traditional marketing personas might be ok for consumer markets but are too fluffy to be useful in a B2B sales and customer success context. Key stakeholder profiles need to include:

- Their typical job titles/role descriptions
- Their typical roles and responsibilities
- Their relationships with their colleagues
- Their typical challenges, aspirations and metrics
- Who they turn to for help and advice
- The forums, events and networks they follow
- Their likely role in and influence over the buying decision process

Trigger Events

What are the triggers - the catalysts for change - that are likely to disturb the prospective customer's status quo and cause them to start searching for solutions?

- **Internal** trigger events can include changes in leadership of a key function, new corporate initiatives, the recognition that an existing project is failing, and so on
- **External** trigger events can include new legislation or regulation, changes in the market landscape, aggressive competitive activity, and so on

The more detail you can garner in these four key areas, the richer and more targeted your marketing and sales messaging and the more effective your post-sale value realisation strategy can be.

Analysis of your current customer base is the starting point for building your ICP. Look at sales won and lost, conversion rates, time to achieve value and LTV. The sweet spot is clearly those customers that converted from lead to sale (within a certain timeframe and minimal discount) AND repeatedly renewed.

The resultant ICP has to be agreed fully by marketing, sales and customer success. No if's but's or maybe's: nothing less than unequivocal singing from the same hymn sheet.

End-to-end buyer/customer journey

Research highlights a number of interesting characteristics about the modern B2B buyer/customer:

- Many are unaware of the opportunities to improve performance by adopting new approaches and technologies
- Ready access to information and opinions has influenced their decision before making contact with a supplier
- The supplier that does most to influence their vision of a successful solution has by far the best chance of winning their business
- Customers value highly suppliers that inform and educate

- As a result of increasingly challenging jobs they are time poor and stressed and just want to get on with their jobs, not take your endless calls
- Customers are interested in outcomes over features
- They don't always know the wider changes needed to achieve success
- They have this odd propensity to expect companies to deliver on promises made in the sales process.

The way to win these challenges is to build a single lifecycle engagement journey, designed from the outside-in.   An approach that focuses on knowing and helping them solve their challenges.

In common with many others, I think the days of marketing and sales funnel are dead. Every implementation of a funnel, or even the modern-day equivalent, the dicky-bow, I have seen focuses on the actions of the seller, often ignoring completely or playing lip service to the needs and challenges of the most important people – the customers. The answer is meaningful focus on the customer based on a deep understanding of their world.

This approach starts before the customer is even aware of a need, extends through building awareness and capability, closing the sale and onto delivering on the customers' goals post-sale. It intentionally breaks the boundaries of marketing, sales and customer success. Like the ICP, it is detailed. Unlike the traditional funnel and customer journeys, the focus is on collaboration points, not handoffs. It also seeks to better reflect the timeline of the customer rather than pushing them to fit a timeline, often driven by quotas and productivity metrics, that they cannot meet.

For each stage in the journey describe:

- What tasks and goals the buyer/customer has to achieve at this stage
- The challenges they face
- What a successful outcome would look like for them
- What shows the customer has completed their tasks/goals
- The actions you need to take at this stage
- The messages you need to deliver
- The resources and tools you have (need) to help the customer complete this stage
- The information you need and how you capture and record it
- How you measure the success of this stage
- Who does what

When crafting a lifecycle customer journey, keep these considerations front of mind.

- Delivering the customer's goal or desired outcome is the basis of a successful sale and ongoing retention. Identifying it, showing how you will help the customer achieve it and then delivering it are at the core of the lifetime customer journey. Remember that technology alone rarely delivers meaningful results. Your success plans will need to address changes beyond your product if the customer is to achieve ROI and thereby maximise the likelihood of securing renewals.

- Marketing have to be clear about the messaging and campaigns they will use to reach target customers and support sales and post-sales activities. Good journey-based messaging will not only resonate positively with ideal customers, it should deter those that don't fit your ideal customer profile. Ignore the sales howls of worry about lead volumes. The measure that matters is not the number of leads but the number of convertible leads: the value of sales arising from marketing activity.
- Ignore the bravado of hunter sales people who tell you they can sell anything to anybody. Perhaps they can; but usually at the cost of continued renewal and reputational damage from aggressive sales. Not every sale is a good sale.
- Whilst maintaining momentum is important. Forcing the customer to act too quickly or prolonging things when a customer wants to act can derail the journey.
- Look for points of collaboration, where other teams can help the customer progress. For example, delivering an outline customer success plan as part of the sales process or a specialist helping a customer solve a specific problem post-sale.
- Pay particular attention to any points of handoff; ensure that all parties know what is expected of them.
- Either engage colleagues that own later stages early, or be sure that you know (and capture) what they need to know.
- Remember the basic rule of communication: it's only complete when the recipient has understood and appropriately acted on the information.
- Collect and store information as the journey progresses: customers hate to repeat themselves. Rich, shared information makes it easier to respond to the customer's specific context.

The right metrics

Poor metrics create problems even with an agreed ICP and lifetime customer journey, especially when they are used to drive some element of compensation. By poor I mean:

- Metrics that drive actions that are counter-productive to the company's overall goal to grow profitable revenue
- Metrics and tracking systems that allow for gaming and in extreme cases, fraud
- Metrics that drive unintended consequences
- Metrics that create conflict between teams

There are four keys to developing good metrics to manage a lifecycle customer journey.

- Recognise the difference between metrics and measures. Metrics are the few, high-level indicators of the overall performance of the lifecycle customer journey. Measures track the detail of the activity levels and performance of each part of the journey. Focus on a few metrics and seek to understand the relationship with appropriate measures.
- For performance related pay, focus on a very few key outcome-based metrics. Avoid very narrow activity measures as these often drive the wrong behaviour.

- Model how the metrics track with a few data sets, paying particular attention to those used to drive performance related pay. Play devil's advocate before launching your metrics. Think through possible unintended consequences and how the metrics used for performance related pay might be gamed.
- Pay particular attention to 'bad fit' customers early in the journey. Marketing, sales and customer success leaders should require sales people to have a credible justification explaining why they should pursue these. If the explanation is valid, you should review your ideal customer profile. Consider lower commission rates for bad fit customers to discourage marketing and sales from artificially inflating the pipeline just to meet the numbers.

Real impact

The approach delivers real results. SaaS company, Clicktools, which I co-founded and led as CEO for 15 years is a case in point. As part of a strategy to reposition the company's feedback product, we followed the approach described. As a result, Clicktools increased its performance:

- ARR increased 180% from both improved new business and retention
- Quota attainment grew 150%
- Lead:Win ratio improved from 1:18 to 1:12
- Cost per lead fell by 24%
- Average order value increased seven-fold.

By implementing a joined-up customer/buyer journey customer confidence also grew as they experienced a joined-up organisation at every stage. Sales, marketing and customer success still argued but about execution, not approach.

The results were not achieved without a few challenges, not least of which was a sceptical sales team concerned about what they perceived as constraints on their ability to achieve quota. Having representatives from front line marketing, sales and customer success teams helped address their concerns. We also had to rework our content library, including adding many new resources to support the changed messaging and value delivery strategy. Systems and metrics changes had to be addressed and the whole organisation trained to ensure they were equipped to handle changes to their roles. The leadership team also had to rethink and revise our management processes.

The process was not too onerous. Once the analysis of the customer base was complete and an ICP drafted, a team from across the business fine-tuned it and sketched out the buyer/customer journey and an implementation plan at a two day workshop. Training, CRM changes and new processes were completed in four weeks. The development of the content was scheduled over six months with key pieces prioritised and delivered much sooner.

Leaders as organisation designers

Marketing, sales and customer success forums are replete with discussions from frustrated staff and mangers about alignment. I believe the root cause is a failure of leadership. If you have, or aspire to a seat at the top table, understand that you are there for the good of the business, not your department. Too many heads of departments worry only about the performance of their department. Fighting for your corner might go down well with your team but not if half of them lose their job because the company fails to achieve its targets.

As with everything else, the person at the top takes most of the blame. Too many CEOs delegate the design of the buyer/customer journey to individual departments, thus creating or perpetuating the problems set out at the beginning. A CEO job's is to create a high functioning business and the one person with responsibility across the whole thing. My advice to CEO's is to recognise the responsibility and create the opportunity to improve performance.

Remember, every organisation is perfectly designed to achieve the results it does. If you want different results, do something different. Purposeful design and strong leadership can deliver alignment and its associated performance improvements. I know: I have done it. So can you!

Turn these ideas into action
The subject of alignment is one module in the Customer Success Leadership program. CSLP, an on-line action-learning program, provides guides, templates and practical advice to help SaaS leaders improve net revenue retention. Contact us at info@thecustomer.co for more information.