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BLOG

3 Steps to Making Success More Successful

Is It Time To Up-Level With Value-Based Strategies?



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IS CUSTOMER SUCCESS BROKEN?

In mid-2023 a trio of partners at the famed venture capital firm Andreessen Horowitz published a blog titled "Customer Success Is Broken. Here's How to Fix It."[1] They noted that customer success failures occurred most often when problems originating outside of the team directly associated with the project took center stage and priority. Success teams were often focused on managing relationship problems, ironing out when and where needs, intentions, or goals had been miscommunicated or where promises had been broken.

According to the blog's authors, solving this issue lies in where the success teams focus and the context of the organization's transformation project. Success, they argue, should be "laser-focused" on the customer's "hierarchy of needs" to ensure that customers stay "on track to realize positive business outcomes" that all involved have agreed upon. Rather than adding to processes or attempting to "fix culture," the authors stress, success teams should realign and fix disconnected processes, paying special attention to the blind spots that stymie a shared customer focus.

For some, customer success feels in need of a refresh. Although it might not be broken, when customer success doesn't deliver the business results a customer desires, it can be disappointing. For others, customer success is the critical resource needed to realize their digital transformation goals. Across the board, regardless of vendor or customer, there is a universal truth to customer success: No two customer success programs are the same, and one size certainly does not fit all.

Everyone focuses on the excitement of aligning on a solution, establishing that plan, and setting out into the bright new world of possibilities, but customer success programs can often become an afterthought to the main event, added on as an incidental piece of the larger transaction.

This is especially true in enterprise software, where customer success can be defined by any number of parameters—from renewing, cross-selling, or upselling to achieving lifetime revenue. Some organizations have entire departments dedicated to customer success; others have eliminated

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expensive, bloated, and underperforming success teams that have failed to move a needle that was never well established to begin with.

Many vendor organizations treat customer success programs as an offshoot of sales or service, a floating support service that may weave in and out of a particular customer to resolve issues, mitigate churn, or set the stage for a renewal. This doesn't even begin to account for customer success programs that never truly start, because customers are not handed off between sales and success accurately or appropriately, are never onboarded in the first place, or have failed to fully adopt a solution.

In the end, the authors are left with their biggest question unanswered: "How do we fix customer success?"

Instead of fixing a broken machine, what if we decide to ask an entirely different question? If we could architect customer success from Moment 1, knowing the challenges and the pitfalls of where transformation success can lose focus and force, how would we purpose-build success to prioritize the needs of both the business and the technology buyer? Is there a way to turn success from a frustrating failure into a value driver?

Whereas some technology vendors have established success services as a standard offering intended to lengthen their customers' lifetime value and increase retention and upselling, others have turned to a more premium offering that shifts the gaze of success from an internal driver of revenue for the vendor and works to center focus on the demands of the customer. In these programs, customer success delivers a deeper level of partnership for ongoing support and operational optimization. For organizations investing in complex technology environments, this opportunity to opt into premium support has created a call to reassess where and how to partner with their vendor ecosystem to recenter success on tangible business goals and operational demands.

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THE 3 STEPS TO RECENTERING SUCCESS

Step 1: Determine What Success Program Is Right for You and Your Business

Not all customer success programs are alike. Some are free programs based on enhanced service and support, purpose-built to accelerate implementation and adoption. For some solutions, this extra layer of success support is more security blanket than added hands—but that may be all you and your team need. Not every nail requires a heavy-duty extra-large hammer!

However, for complex business- and mission-critical systems such as enterprise resource planning (ERP), service management, enterprise content management (ECM), and enterprise asset management (EAM) or across customer experience (CX) platforms, customer success (and perhaps even more importantly, customer success strategy and planning) can be critical to outcome optimization. These customer success programs are likely longer in scope and have dedicated resources assigned to accounts.

Because customer success programs can vary in scope and vision, don't assume that a program will be proactive in addressing needs. If you need a dedicated resource or an executive leader focused on data about implementation, utilization, support, and experience, speak up and ensure that the customer success program you are working with is proactive in nature and entrenched in data. Some are more reactive, laser-focused on customer happiness. Others are more data-driven, looking for cues and signals that could indicate that a challenge or issue is on the horizon.

There are also premium customer success programs that operate as on-demand resources for program rollout or flexible, on-call resources. These premium programs also often include significant program, goal, and resource planning and strategy sessions that a more reactive success program may be able to provide. A good example of this type of premium program is the customer success program offered by IFS, a global enterprise applications company best known for its ERP software. IFS's premium offering actually kicks off before a contract is ever signed, establishing goals, needs,

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and business-value parameters with which both IFS and the customer align. The vendor's vision is of a value-driven customer success program that is proactive in strategy but flexible and agile to be reactive to real-time business needs for resources and support. It focuses on the reality of business transformation demands to align success activities with real business outcomes and value.

Step 2: Look Beyond the SLA

For CX and operations leaders—especially those who have stood up complex, holistic, and fully integrated platforms that power critical operations of their business—the service-level agreement (SLA) is both a requirement and a potential pitfall. Time and again, SLAs overfocus on operational implementation benchmarks, which are, in turn, assigned achievement incentives or missed-mark penalties. The SLA focuses on getting to value quickly—delivering on the promise the given software or solution has provided. To be clear, the SLA and the ongoing customer success strategy should be two different, albeit connected, things.

Although SLAs are focused on benchmarks, they can often be templated and fairly standardized goals for operational implementation and project management. There is often an underfocus on business outcomes or key indicators of value. Teams focused on an SLA can lack a shared understanding of how the customer defines value and the outcomes that can make a lasting impact for the business. Alignment with key business stakeholders and business value prioritization are rarely SLA line items. In a purely SLA-driven success environment, it is easy to imagine that everyone involved is running a race with very different prizes in mind, meaning that this is often a race to a nonexistent finish line.

Success in a vacuum is simply not success: It is just a service agreement—elegant as it may be—and still in a vacuum. Outcomes evolve, especially those tied to ongoing business operations and growth. Technology in modern infrastructures aims to stay flexible, to have the ability to bend easily without breaking, in order to scale. When it comes to successful digital transformation initiatives, organizations need elasticity—the ability to stretch and shift under pressure yet return to their expected shape once the forces and pressures causing the shift are removed. Digital transformation

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has muscle memory that customer success and ongoing improvements and optimization should rely on to advance the key moments that matter.

Step 3: Be Realistic About Goals, Resources, and Priorities

It may sound obvious to say that a key to customer success for both the vendor and the customer is to set short-term goals with long-term visions. In reality, teams often do one or the other. This is where reality comes in: You need both and shouldn't settle for choosing one over the other or be told that one will organically follow the other. It won't.

Create a prioritized plan with near-term timelines and success markers and long-term outcomes and shared definitions that quantify success. By tracking priorities and goals, teams can quickly realize value in near-term priorities; report and even brag about those achievements; and instead of stalling or getting stuck in that afterglow of near-term wins, will be motivated to build on that success, even if priorities have shifted in response to business needs. With an outcomes mindset, stakeholders can focus on quick wins and track each win toward a more durable long-term transformation.

But reality also needs to be a constant partner in assessing everything from business goals to business resources. With any digital transformation effort, no matter how large or small, the reality may be that access to talent and resources is the primary challenge to moving forward effectively. Customer success programs where partnering organizations have ready access to on-call and on-demand talent help address this reality head-on without risking future success. An interesting example of this came to my attention with Associa, which happens to be the largest property management company in the world, with more than 14,000 team members in 275 branch offices across North America delivering management and lifestyle services to more than 6.5 million residents worldwide. Associa has a massive service remit that ranges from simple maintenance and repairs to larger-scale projects such as concrete and asphalt repairs.

As Associa made the transition to the cloud with the IFS Field Service Management platform, it needed rapid access to expertise to scale operations and address crisis situations. With a regular

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cadence of support and access to expertise, thanks to an ongoing premium success engagement, Associa could lean on IFS to be more proactive in establishing and optimizing business rules and hit the ground running to address issues. In one example, Associa experienced a significant performance degradation where billions in revenue processes had ground to a halt, creating a massive backlog and disrupting operations. IFS, being embedded in Associa's operations and understanding the challenges, customizations, and complexities, quickly jumped in with experts and on-call business specialists who were able to rapidly identify legacy business rules that were at the root of the problem. Within a week, IFS specialists had resolved the issue and the backlog.

CONCLUSION: SUCCESS ISN'T A DESTINATION

There is no last page of a customer success journey that reads "The End" and sends us on our merry way. Customer success is an ongoing process of proactive analysis and engagement that is more of a partnership than a vendor-to-customer sales contract. Customer success teams should—and can—be a vital part of digital transformation impact and outcomes. Many customer success programs focus on three core stages of a transformation initiative: strategy, planning, and execution. Others look beyond to create stages centered on the capacity to engineer business value where long-term strategy and short-term corrections can be integrated across all stages of any project, buoyed by the collective buy-in and support of senior business leaders and stakeholders.

Moreover, regardless of what type or style of customer success your technology partners may offer, customer success should be focused on long-term business success and not just near-term application achievements. Milestones are nice, but meaningful value-based metrics are better.

In an age of frenetic change and more than a few transformation and technology implementation failures, customers are looking for consistency, scalability, and focus. In the end, by adopting a posture of intentional outcome-driven success, customer success teams can help their customers fix their eyes firmly on the future: future innovations, future transformation, and future-proofed technology investments that drive tangible business value. Customers, with a shared vision of value and a clearly articulated transformation plan, can rest assured that their business value is the first priority.

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ENDNOTE

[1] *Mark Regan, Joe Morrissey, and Abbas Haider Ali, "Customer Success Is Broken. Here's How to Fix It," Andreessen Horowitz, July 11, 2023. https://a16z.com/customer-success-is-broken-heres-how-to-fix-it*

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Liz Miller is a vice president and principal analyst at Constellation Research focused on the business demands on today's chief marketing officer, the evolution of customer engagement, and the rising requirement for a new security posture that accounts for the threat to brand trust. A 27-year marketing veteran, Miller offers guidance on the leadership, business transformation, and technology requirements for today's marketing organizations and how to effectively transform business models to stay competitive in the shifting digital landscape. She examines the key trends modern CMOs face, ranging from the realities of engagement in the trust economy to how marketing has become enterprise security's greatest threat and critical champion.

Prior to joining Constellation Research, Miller oversaw research, programs, and content for the Chief Marketing Officer Council, developing thought leadership agendas for CMOs around the globe. Miller also counseled numerous organizations on core messaging and competitive advantage, working with marketing, advertising, and security solutions. Miller is a skilled moderator, facilitator, and speaker, engaging C-suite executives in hundreds of industry webcasts and roundtables, keynote presentations, and panels around the globe.

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