cinchy

Enhancing Customer Success to Impact Revenue & Growth

Maximizing Collaborative Intelligence to Improve Renewals, NRR, LTV, and Expansion Sales

CUSTOMER
SUCCESS

Finance

Rev Ops

Sales

Marketing

Product

Customer Support

Customer Success

CUSTOMER
360

An unpredictable macroeconomic climate — kickstarted by the global pandemic and exacerbated by whispers of an impending recession — completely changed the growth trajectory for businesses.

This prompted leaders to curb hypergrowth aspirations and focus on sustainable, long-term growth via margin optimization and healthy EBITDA.

As companies retrenched entering this decade, expansion selling and NRR became key focal areas. As a result, customer experience took center stage, moving lifetime value (LTV) into the spotlight as a key KPI. This emphasis signals a clear understanding of how materially impactful customers are to the revenue generation process — not just prospective new logos, but the retention of an installed base through renewals and expansion as well.

LTV, the total worth of a customer to a business over the entirety of their relationship, is one of the most popular measures of unit economics and must be considered in relation to customer

Understanding the health of an account requires collaboration among data sets from various teams and systems.

acquisition cost (CAC). The LTV/CAC ratio shows how often customer LTV exceeds CAC, a positive indication that business can increase revenues faster than costs. High LTV signals high customer satisfaction. Satisfied customers are more likely to buy more services or products, recommend your business to others, and provide positive feedback that boosts NPS scores. With a growing emphasis on profitability, business leaders are deploying an LTV-based growth approach — where LTV is at least three times the CAC.

The Critical Role of Customer Success in Achieving High Customer LTV

When every department in the company has easy access to the same data — from contact information and demographics to all pre-sale and post-sale interactions (purchase history, billing cycles, service issues, support tickets, feature requests, QBRs, meetings, renewal dates, etc.) — businesses have a better understanding of their customers and can offer a more seamless customer experience.

However, businesses that experience high churn rates and low net retention rates often have a low LTV caused by a disconnect between their customer base and go-to-market strategy. In this case, customer success teams lack a true "customer 360" view. The lost opportunity cost and material impact can be painful.

| A Real Case Study

Consider this anecdotal story.

A public company worth $10 billion reported its NRR and GRR were down by almost 20% for three consecutive quarters. Despite respectable performance in Marketing and Sales, the customer churn issues impacted revenue and growth objectives. Sell-side analysts focused closely on the issue, and their stock ratings and reports were propagated in financial media and industry analyst reports, creating potential disruption to new logo acquisition and corporate brand image.

Company leadership lacked answers. They surmised it was because of the market crashing

(or the anticipation of it) or product gaps. For the next quarter, the CEO made it a company-wide initiative to support customer success issues, adjusting top business objectives to create recession-friendly pricing and fix feature gaps. The customer success organization requested more QBRs with customers and the immediate implementation of success plans. Both the board and ELT approved the diligence.

For customer-facing functional groups, it was all hands on deck. Countless meetings occurred globally. Innumerable reports were created. Endless slides appeared, attempting to frame the data results. Behind the scenes, emails flew back and forth. Some of the company's existing contractors and agencies were redirected to help, representing a greater allocation of the overall cost structure. Stress levels were high.

After weeks of deep analysis, possible culprits were checked off. The product team found few feature gaps, which was unsurprising given they were consistently ranked the leader, or at the top, by Tier 1 research and advisory firms like Gartner and customer review websites like G2 Crowd. By the end of the year, product closed a majority of the gaps, influential sites ranked the company as a top performer, and new logo ARR was up.

Yet NRR and GRR still lagged. Leadership was back at square one.

Weeks later — after more analysis, meetings, slides, and emails — the company discovered the problem's source. The declining NRR and

Revenue Impact

Renewels Increase ⬆

NRR Increases ⬆

Expansion Sales Increase ⬆

GRR were the result of multiple factors tied to customer experience:

- **Controllable churn**
- **Outdated success plans that CSMs couldn't effectively manage**
- **Lack of discipline for renewal deals compared to new business deals**
- **Poor negotiation training for renewals**
- **QBRs lacked deep discovery or discussions**

In a matter of days, the SVP of Customer Success and a couple key lieutenants were dismissed. Poor succession plans and talent development prompted an external search for a new customer success leader, which took almost two quarters to close. By the time the new leader landed, a year and a half had passed without resolution. As NRR suffered, churning customers jumped to competitors, tilting the market share seesaw. The material impact on the company's stock price, stock rating, and brand was palpable. The lost opportunity cost was immeasurable. The CEO's job was now in the board's crosshairs.

Now imagine if this company approached post-sales interactions and customer success initiatives with the same vigor and discipline as its pre-sales motions. The customer LTV would far surpass the industry standard 3:1 ratio and, in turn, generate greater revenue. With access to unadulterated customer data, there would be no reason for renewals to slip through the cracks, support issues to go unresolved, product requests to go unanswered, or customers to run into the arms of competitors.

The Material Effect And How to Get it

Understanding the health of an account requires collaboration among data sets from various teams and systems. This data may derive from SaaS applications, AI, spreadsheets, or legacy systems housed in different organizations. It includes lead flow data from Marketing, prospect data from Sales, client data from Customer Success, issue logs from Support, and roadmap updates from Product all coming together to produce a comprehensive view of the customer.

A cross-functional view enables appropriate teams to take action and optimize customer experience in real time. The benefits are clear. LTV, NRR, and GRR all increase, materially impacting the business. Customer success and account management teams experience high satisfaction, renewal rates, and additional expansion sales. Increasing NRR drives goal attainment and closes the gap between actual revenue and maximum revenue yield.

When revenue and forecasting increase beyond expectations, the market rewards you. Stock price, stock rating, market capitalization, valuation, market share all benefit. To maximize value to customers and material impact on your business, ask the following:

- Where do you house data (spreadsheets, hard drives, CRM, ERP)?
- Does your customer profile offer insights and actions that optimize customer experience, NRR, and LTV?
- Is team and system and collaboration easy?
- Are you confused with versions, errors in merging changes, or data ownership?

Learn more: **cinchy.com/revenue-generation.**