Optimize & Grow

Data Platform and Analytics

aka.ms/practiceplaybooks
Executive Summary

So far we’ve covered strategies for building your cloud data and analytics practice, finding and keeping customers providing them with ongoing support.

In this section, we’ll focus on how to optimize your practice, strengthen your relationship with customers, and evaluate your performance to help you continue to delight prospects and customers.

Are your customers delighted by your services and products? Delighted and not just satisfied? In this section, you’ll learn why customer lifetime value is so important, and how to create more customers for life. We’ll share how to get to know your customers better by following their journey with secret shopping and analysis. We’ll also explore the use of a “land and expand” strategy and see how getting to know your customers better can lead to incremental opportunities to provide additional services.

You will also discover ways you can keep your solutions top of mind for prospects and customers through nurture marketing, and how to grow and improve your lead generation practice through a well-planned referral marketing program. We’ll show you how to make the most of your renewal process, and how to get ahead of deadlines.

We will help you learn how to grow your business by identifying the best customer personas and creating “look-alike” prospects, deepening your expertise in key verticals and marketing that expertise, and collaborating with other partners to offer your customers a more comprehensive level of service and support.

We will end by discussing how important it is to create advocates for your company. This includes turning a customer into a fan and collecting testimonials to create case studies that can be used in future marketing campaigns. Map your customer’s experience and ask for feedback to ensure you are turning satisfied customers into delighted customers who can wait to tell your story!

Use the strategies we provide in this section to optimize and grow your practice.

Top 5 things to do

Learn from your customers and experience to optimize your practice, and expand to new markets through strategic partnerships. These are the top 5 things you should do to optimize and grow your practice.

- Gather feedback from your customers
- Nurture existing customers
- Turn customers into advocates
- Generate referrals with marketing
- Nurture strategic partnerships
Understanding Customer Lifetime Value

Customer lifetime value (CLV) is the revenue from a customer over the lifetime of their relationship with you.

As most businesses have experienced within the tech industry, a lifelong customer is of far greater value than any one-off transaction. It’s no longer enough for companies to invest their time and resources into the generation of single purchases. Especially in the cloud world, it is critical for businesses to develop relationships and solutions that engage a customer for life.

CLV allows businesses to step back and look at not just one sale, not just one customer, but the customer base as a whole. It’s about defining the economic value of each customer within that base and using that metric to make data-based decisions. If you don’t know what a client is worth, you don’t know what you should spend to get or keep one.

Knowing the CLV helps you make critical business decisions about sales, marketing, product development, and customer support. For example:

- **Marketing**: What should my acquisition costs be?
- **Sales**: What types of customers should sales reps spend the most time on trying to acquire?
- **Product**: How can I tailor my products and services to my best customers?
- **Customer Support**: How much can I afford to spend to provide customer service to my customers?

CLV is also a good way to guide and reward your sales team. Pay them more for bringing in customers with high potential lifetime value. By measuring and monitoring your cloud customer CLV, you can:

- Gain insight into your customers’ cloud consumption and usage.
- Qualify for MPN cloud competencies that will help you grow your business.
- Help your customers reach their desired business outcomes.
- Leverage insight for cross-sell/upsell and proactively engage customers for extension opportunities.

By increasing your customer adoption rates, you can increase your CLV, particularly with cloud customers. The more employees you can get to use your service or solution, the more likely you are to increase CLV. Here are some ways to improve adoption:

**What do you need to do to be successful?**

Key attributes of a successful adoption approach

<table>
<thead>
<tr>
<th>Define a vision &amp; identify business scenarios</th>
<th>Prioritize solution &amp; create an adoption plan</th>
<th>Commit resources &amp; execute an adoption plan</th>
<th>Measure, share success, &amp; iterate</th>
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<tr>
<td>A deep understanding of the business goals, as well as people challenges and needs to achieve them.</td>
<td>A solution that people love and that helps them achieve business goals and get things done more effectively.</td>
<td>A strategy to drive adoption including communications, readiness, and community.</td>
<td>A benchmark, KPIs, and success stories to help demonstrate success internally, improve, &amp; expand.</td>
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While it’s important to define and track your metrics, there are some simple things you can do to increase your CLV.

Your customer strategy must be built on a culture of customer success and tracking customer satisfaction. Critical success factors, when it comes to CLV, are:

- Being sensitive to customers’ emotions.
- Maintaining good communication.
- Listening to customer pain points.
- Understanding that there are multiple layers to any one concern.
- Doing business with an understanding and empathy for where your customer is coming from.

**NEXT STEPS**

- Identify customer lifetime value of your five best customers.
- Identify your average customer lifetime value along with your Microsoft contact.
- Identify actions to increase your average customer lifetime value.

If you need a place to start in modeling CLV as it relates to your business, take some time to explore the modeling tool available on the MPN portal.
Getting to Know Your Existing Customers

SECRET SHOPPING: THINK LIKE A CUSTOMER

Typically, secret shopping is thought of as something that retailers do — where they pay mystery shoppers to go into their stores and conduct secret shops to help the company get better at what it does. However, secret shopping is a vital component to improving your overall customer experience. The information gathered when secret shopping and mapping your customer journey provides critical data that can be used to improve what you do in the future.

With your core audience in mind, imagine the decision-making process a potential customer goes through in their buying journey as they research and compare available offers in the marketplace. Viewing Figure 1 below, a customer will fact check down the pyramid in a familiar pattern beginning with social media comments, reading product reviews, browsing various websites (including competitive offers), talking with peers and influencers, and narrowing their options as they approach the bottom. As they move down the funnel (Path of Reference), they gain clarity while growing in confidence and trust of the few remaining offers they are interested in.

![Core Audience & Influencers- Drive Engagement](image)

As a seller, if you don’t have someone on your team who goes through the same fact checking process (secret shopping) as the audience you are trying to reach, you are practicing what amounts to “blind marketing.” This means you have no insight into what the prospective customer sees and hears along their purchasing journey. Secret shopping provides insight into how employees, from varying departments in the company, interact with customers. It can be difficult to know how employees conduct themselves when a manager or supervisor is not around.

Notice the pyramid includes new customers and existing customers, resellers and their sales agents, your own sales team, and your internal staff from product and operations up through the executive team. Why? Because they are all talking about your products and services in a variety of venues — and your prospective customers are listening.

The critical question is: Are all the “voices” saying the same thing? Specifically,

- Do they all clearly communicate your value proposition?
- Is their message consistent with how you brand your company and position offers?
- Are they strongly differentiating your offer from the competition?

In other words, are you communicating a consistent message and story through your media mix and sales engagements? If not, your marketing is a confusing array of inconsistent and imprecise statements about who you are and the value of what you are selling.

What they hear at the top should be what they hear at the bottom — and all the way through the buying journey.

Referral Marketing

Referral marketing is the art of harnessing your customers, employees, friends, and vendors to communicate your company’s value.

Study after study has proven that referral marketing is one of the best forms of marketing when it comes to sales and conversions. Referral marketing is powerful because people trust the opinions of other people in their lives and people they respect, whether that be co-workers, trusted vendors, friends, or other influencers such as attorneys or accountants.
Why Referral Marketing? 84% of B2B decision makers start with a referral! (Source: LinkedIn)

5 Keys to Successful Referral Marketing

Implementing your own referral strategy to increase referrals and sales isn’t difficult. Here are some ideas:

1. PROVIDE AN EXCEPTIONAL CUSTOMER EXPERIENCE
   Valuable products and services, exceptional customer service, and a positive buying experience are at the core of every referral. This is fundamental to any referral campaign. Think about the services and support you offer, looking at it from a customer perspective, and ask yourself what you offer that is worth sharing with co-workers or friends.

2. MAKE SURE YOUR REFERRAL SOURCES KNOW WHAT YOU DO AND THE BEST TYPE OF CLIENTS FOR YOU
   One of the drawbacks of referral marketing is that your referral sources are telling your story for you. To ensure they know your complete story, formalize your program with a simple one-sheet that explains what you do best. Include a profile of your ideal customer, so your referral sources send you the most qualified leads, creating a win-win for you and them.

3. PAY ATTENTION TO YOUR ANALYTICS
   You’re probably already getting referrals and don’t even know it. Some referrals are coming to you directly, and others are done online. If you implement a more structured program, you can reach out to your referral sources and thank them for helping you out. In exchange, you can offer to refer business back to them, or highlight them in your marketing, or offer to share a small percentage of your profit with them.

4. MAKE IT EASY FOR CUSTOMERS TO REFER YOUR BRAND
   Make it as easy as possible to share your products and refer your brand. There are many ways you can do this. In some cases, companies have added a “share” function to their main website navigation. Add social sharing badges to every page on your website.

5. CAPITALIZE ON INFLUENCERS
   Influencers within your niche can be a goldmine for referral traffic and sales. The key is to find influencers whose following is as close as possible to your target market. Influencer marketing can be as easy as reaching out to a popular blogger, a group lead on LinkedIn, or a popular writer on Twitter, and asking if they do sponsored postings or if they would like your product to review.

Referral marketing is a powerful and important component for every business. Implementing some basic tactics can help encourage and facilitate the referral process, which can be a major source of new sales.
Execute Nurture Marketing Efforts

Creating Long Term Customer Relationships

Nurture marketing means staying in front of your customer by providing them valuable content.

Nurture marketing is a systematic approach to keeping leads and customers warm. Nurture marketing ensures that there are communications at every phase of your customer journey, so you will be top of mind when prospects and customers are ready to buy.

Nurture marketing is about being viewed as a thought leader. It’s about your clients’ perception of your credibility and trustworthiness. It’s about being the indispensable resource they need and want. Nurture marketing is about delivering relevant content at the right time in a structured way. This is what creates long-term relationships.

WHY NURTURE?

Simply put, nurture marketing yields significantly more leads, increased revenue and improved customer satisfaction— all things critical to growing your practice.

INVEST IN RELATIONSHIPS

Nurture campaigns are a clear investment in your customers. It is a commitment to learn where they are in the buyers journey and deliver the right message when they need it. Did you know a sales rep needs to touch someone 7 times before a purchase. Most reps give up after 2-3 calls. Keep the following in mind that is true about prospects 6 months after the prospect expressed interest:
Nurture marketing is often associated with email marketing. It is related. However, nurturing customers is not simply sending out a generic email blast periodically. Nurturing is understanding of your customer needs and behaviors. Nurturing is ensuring the customer gets just what they need when they need it to make a buying decision in your favor.

The five keys to successfully nurture prospects are as follows:

**AUTHENTICITY**
- There is no substitute for knowing what it is like to in the shoes of your customer
- You must sound like you have true business insight
- The language you use is key
- A vertical stand focus is usually critical
- Get this wrong and your message will be ignored

**RELEVANCE**
- Speak to known business pains (as opposed to technical)
- Speak to where in the buying cycle the prospect is at
- Remain consistent to your core value proposition
- Speak to the emotional triggers (focus on the “why”) including fear, gain/greed, curiosity

**VARIETY**
- “Feed” the prospect’s hunger for information
- Find the right cadence and frequency
- Do not overwhelm or they will unsubscribe

**FOLLOW-UP**
- The handoff to sales is critical, but it must happen at the right time
- Track buyer engagement to determine optimum timing by monitoring the frequency of interaction and the level of interest based on lead scoring

**AUTOMATION**
- Timing, consistency, and frequency matter
- The only way to ensure the thoroughness of timing, consistency and frequency is with the use of marketing automation software
CREATING LONG-TERM CUSTOMER RELATIONSHIPS

Customer lifecycle management (CLM) is a process by which partners can assist customers in evaluating and maintaining loyalty to a product, service, and supplier over a sustained period of time. The objective is to secure and increase the customer lifetime value.

Hunt or farm? What is the cost of acquiring new customers versus retention and upsell? Selling something to someone you know is least costly, while selling to someone you don’t know is most costly.

ENSURE A CUSTOMER NURTURE PROCESS EXISTS

Hold continuous touch points to learn more about the customers’ needs, including CSAT, assessments, blogs, emails, etc.

IDENTIFY AND TRAP CUSTOMER TRIGGERS

Identify the logical next steps for customers to get to the full solution and drive your hero motion.

CUSTOMER LIFECYCLE MANAGEMENT (CLM) EXECUTION ACTIONS

Good:
- Ensure customer onboarding within 15 days of purchase.
- Ensure you are set up as Partner of Record.
- Quote renewals early to ensure they don’t have interruption in service.

Better:
- Drive automation of activation and initial seats deployment.
- Deliver end user training.
- Follow up yearly with needs assessment.
- Provide upsell services and training.

Best:
- Monitor customer health and deployment.
- Deliver end user training and additional services.
- Follow up quarterly with needs assessment.
- Monitor for customer trigger events with offer/action for each.

DRIVE CUSTOMER ONBOARDING QUICKLY

Ensure there is a dedicated onboarding and deployment process from welcome, administration, implementation, adoption, and training. The first 14 days is critical. Customers must incorporate your solution into their daily lives to realize value. Adoption represents a state of satisfaction with the service and sustained usage over time.

Things to think about include:
- What are your processes for onboarding new customers?
- What do you do well for onboarding customers, and what do you think you can improve?
- What are your top two challenges when onboarding customers?
- Is there a defined timeline to ensure customers are onboarded and using the service within 30 days?
Land & Expand

Resources

- Deliver Customer Lifetime Value eBook
- Cloud Services Partner Dashboard

Cross Sell and Upsell

With a successful customer engagement behind you, you will want to understand how you can increase the scope of the services you provide to your customer.

We call this the "land and expand" strategy. When using this strategy, look for opportunities to provide incremental project services with the goal of driving stronger usage of your services. You should look for opportunities to cross-sell and upsell incremental solutions to customers based on needs identified during service delivery.

For example, if you are the Digital Partner of Record on your customer’s Microsoft subscriptions, you have access to their cloud solution usage and consumption data via the Cloud Services Partner Dashboard. You can use it to identify areas where you should be encouraging deeper and wider usage of Azure, as well as areas where the customer may benefit from incremental project or advisory services.

Here is an example of using the "land and expand" approach in a practice.

LAND

Say, for example, the customer brought your practice in to help them build a custom line-of-business (LOB) web application. You successfully build, deploy, and make incremental improvements to their new web application.

EXPAND

Expand selling is about accelerating revenue growth through cost-efficient selling models and motions. It is used with existing customers, in the context of customers’ existing technology and services, and in many cases, is focused on driving customer outcomes.

The companies who do the best at expand selling, and properly identify cross sell and up-sell opportunities, train their employees at every customer touch point to identify ongoing needs. There should be a process for identifying and then communicating ongoing customer needs to the sales or account teams. Training employees in customer service, accounting, marketing, customer training, on-site support, and operations can be the key to unlocking big opportunities with existing customers.

TIP: Create a process to identify the next logical steps and review them during your quarterly or annual review with your clients.
Renewals

The most successful enterprise SaaS companies know that growing revenue only through new customer acquisition is the less efficient way to scale. Rather, they understand that growing revenue within your existing customer base — through up-sells, cross-sells, and expanded use — is the most profitable way to scale.

In fact, enterprise SaaS companies that grow revenue — and company valuation — by expanding revenue within their existing customer base also know the key to making this work is to focus on — and operationalize — customer success.

Poor user adoption and the lack of perceived value by customers is the greatest challenge faced by SaaS companies today. A customer that is not using your software and not realizing measurable business value from their IT investment will not be your customer for long.

When your customer makes their initial purchase decision, they are buying your software based on their hopes and expectations that soon they will realize tangible business benefits from its use. All the evidence they consider — marketing information, product demos, references from previous customers, and reviews on social media — contribute to their expectations for the future.

This is very different from how customers make renewal decisions. The decision to renew is based on customers’ actual experiences working directly with your organization. If the customer’s experience is positive and the value they have received from using your software matched their expectations, customers renew quickly and easily.

One way to ensure your customer has a positive experience with your company is to map the critical path to customer success. Map out the path from the time they decide to invest in technology all the way to the point at
which they will declare their program a success. Be sure to identify your customer’s goals, so you can refer to this when it’s renewal time. Goals might include cost savings, employee adoption rates, and efficiencies realized.

One of the biggest problems organizations face is getting their staff to adopt technology and incorporate it into daily work activities. A system that sits unused is not delivering any value to the customer’s organization. This user adoption risk — the potential that staff will not adopt systems and business processes as they are designed — is perhaps the greatest threat to customer success, and therefore renewal rates.

Since customers will not renew a system that is sitting idle, and since you (the software vendor) need customer renewals to grow, you now share a portion of your customers’ user adoption risk. In many ways, customers’ user adoption risk translates into your renewal risk.

Develop a customer support capability that moves customers along the critical path to success.

Once you understand the critical path to success, you need to figure out where customers are getting stuck and why they struggle to move forward. You will find that many of these issues have nothing directly to do with your system. Yet, you need to figure out how to get customers to resolve these issues.

You may think it is not your responsibility to help your customers resolve their internal user adoption issues, and in many ways, you are right. But remember, while that may not be your responsibility, it is most definitely your problem.

3 Steps for Successful Renewals

1. HAVE A PROCESS

The worst thing you can do is call a customer and let them know a renewal is due next month when they haven’t heard from you since they bought the product. Instead, your organization needs to spend time and map out a process. Here is an example:

• Day after sale: Sales introduces customer to Customer Success Manager (CSM).
• 2 weeks after the sale: The CSM reviews the customer’s usage of the product and calls with a check-up.
• 2 months after the sale: The CSM reviews the outcomes of training and discusses with customer.
• 6 months after the sale: The CSM meets with the client to discuss goals, successes, areas for improvement, and next logical steps.
• 3 months before renewal: The CSM reviews account for opportunities to increase licenses or move client to higher level of license. Nurture marketing program should be offering information about options for upsell.
• 2 months before renewal: Begin the discussion about renewals.
• 1 month before renewal: Have specific meeting about the renewals.
• 2 weeks before renewal: Deal should be closed. If it isn’t, situation should be escalated to the leadership team.

2. BUILD THE PROCESS INTO YOUR CRM

Create mandatory fields in your CRM to ensure your organization knows when customers are due for renewals.

3. REWARD RENEWALS WITH COMMISSIONS

Some organizations are hesitant to provide commissions on renewals. A SaaS renewal needs to be worked like any other sale. It isn’t easy and renewals aren’t automatic. CSMs deserve a commission, especially when they are able to upsell the customer to a higher tier of license, or convince them to buy more licenses.

Renewals, especially for B2B organizations, can’t be taken for granted. The amount invested in acquiring each customer just means there is too much at stake. Renewals need to be treated with the same respect and gravity as sales. That is the reality of the SaaS business model.
Advocacy: Case Studies and Testimonials

At the top of the customer success pyramid lies your advocates. When you can get customers to do the “selling” for you, you have done your job. A customer who becomes an advocate is the most valuable marketing tool you can have in your arsenal.

Advocacy, the final stage of the buyer’s journey, exemplifies the telling of your story from the point of view of your clients. Advocacy is the willingness of clients to speak positively on your company’s behalf, formally and informally. It is the time when clients are most likely to promote the services they are using, or make referrals to brands or partners.

Turning clients into advocates doesn’t happen by accident. It happens by success. When you diligently listen to clients’ needs, provide solutions to their needs, and deliver exceptional client experiences, they want to help you succeed.

When analyzing content gaps, consider creating content that uses client success stories. An example is a case study featuring your client describing how you solved their problems and how much they like working with your company. Powerful!

Advocates have many ways to show their appreciation. They can agree to write a testimonial, be a part of a case study, provide referrals, post positive comments on social networks, and attend an event you’re sponsoring or producing.

BUILDING A QUALITY CASE STUDY

Your case study should be no more than two pages, showcasing the value you provide, solutions you deliver, and the positive impact you have on your customer’s business.

There are three main ingredients in a case study:

1. Description of the customer, along with their Initial customer pain points. Describe the client’s business challenge or opportunity.
2. Solution implemented. This portion naturally flows into describing how you addressed the client’s problems, what options you considered, and what solutions were used.
3. Business problem solved. Here you describe the positive impact your solution had on the customer’s business. The more you can quantify the results, the better.

TIP: Include an actual testimonial from the client wherever possible.

CHOOSING THE BEST OPTIONS FOR A CASE STUDY REQUIRES SOME STRATEGY THOUGHT. ASK YOURSELF

• How did you arrive at your suggested solution? What options did you explore?
• What was the solution implemented? Lead with the solution offered first, then the products used.
• What was the outcome? List benefits here. Were there unexpected benefits to the outcome?
• What did your customer have to say about your solution, product, team members, and customer service at the end of the project?
• Did you retain or grow the customer?

You should consider creating 1–3 case studies for each product and vertical markets you serve. For example, if you service both dental offices and CPA firms with Office 365 installation and support, consider creating 1–3 case studies for dental offices and CPA firms. Prospects want to see that you have successful experiences with the type of work you’ll be doing for them.

The overall effect is that a well-written case study can be used effectively in many different selling solutions. Here are some best practices on how to prepare a client for participating in a case study:

• At the start of an engagement, consider including a case study as a requirement as part of your contract or statement of work. Throughout the project, acclimate the client to the prospect of granting a case study. Say things like, “we should include this pain point when we do the project case study.” This way, the case study becomes a natural part of the project, not a favor that is granted at completion or months or years down the road.
• If a client is concerned about the amount of time a case study will take, tell the client that you will keep reference telephone calls to a maximum of 15 minutes.
and you will provide the agenda and questions for review before the call. This way the call will be orchestrated and reduce the potential time exposure by reducing tangents.

- Have examples ready, so they see what a finished product looks like and how it reads.
- Legal objections can come up from time to time. You may hear a client say that “their legal department does not allow references or testimonials.” In this case, you need to clarify what is not allowed. For example, perhaps an endorsement that includes the company name is not permitted, but a general description of the company without mentioning your client name may be permitted. You might say, “a major software and hardware manufacturer” instead of Microsoft.
- A more difficult objection to overcome is if the client doesn’t think that you did a job worthy of a reference. Don’t worry, it happens to everyone. Use this as an opportunity to understand what went wrong, and to correct the problem. This helps to rebuild trust and fosters a strong relationship.

Implementing Customer Evidence

Infuse pieces of customer evidence into your marketing engine:

**IN COLLATERAL**
- Solution sheet
- Brochures
- Battlecards

**ON YOUR WEBSITE**

**DURING WEBINARS AND EVENTS**
- Guest speakers
- Showcase a case study

**IN SALES DECKS**
- Testimonials, scenario-based (for sensitive industries and new to market)

**TRADE SHOW BOOTHS**
- Proof points (banners)
- Testimonials (banners)

**IN-HOUSE TRAINING**
- Paragraph, proof points

**ON POSTERS OR DISPLAY MATERIALS**
- Testimonial, customer profile

**COLLECTING TESTIMONIALS**

The easiest was to get testimonials is to simply ask your client. The worst answer you can get is “no.” But that may not be the final answer. Your client may be concerned about the amount of time needed, legal issues, or perhaps they believe the project may not be worthy of a reference or testimonial.

Some clients may be inexperienced in providing testimonials and might fear that it’s outside of their area of responsibility. Coach them through the process. Offer to write the testimonial for them, but give them the right to edit and change the testimonial in any way they choose.

Have them speak with their manager, or in larger companies, their HR departments. Most companies have a process to follow when granting testimonials. Encourage your client to find out how things work in their company.

**STORYTELLING**

Everyone loves a good story. Storytelling can help you craft a compelling answer to marketing’s toughest questions: Who are you and what do you do? Think about how to tell your story so it’s interesting and draws your audience in. Remember that stories can be told in pictures and videos, as well as writing great prose.

Before you craft your story, look at your audience. Who will you be speaking to? If your audience is mostly technical people, tell your story from their point of view. If it’s a business audience, keep the technical part of your story to a high level and speak to topics that interest your business audience. As we already discussed, cloud applications are frequently sold to the business buyer with help from your client’s technical team. Always speak to the decision maker in your audience, gearing your discussion to their level.
You must know and understand your audience. To be successful, they also have to understand you. Therefore, you want to use the same language. We’re not referring to French, English, Spanish, or Chinese. It’s about the right vocabulary and the right voice. Unless you are talking with a technologist, it’s most than likely your buyer will talk in the language of business. You want to do the same. What do they care about? Usually they have a business problem they are trying to solve. You want to express how you can solve their business problems. If they are in a specific vertical market, know, understand, and use the vocabulary of their industry. Don’t fake it — learn it! Become an expert in that industry.

TIP: Video is an excellent medium to use. Video case studies of client successes are excellent places to use storytelling.
Customer Experience

CREATING A POSITIVE CUSTOMER EXPERIENCE

The main ingredient in building lifetime customer relationships is to create a positive customer experience. Positive customer experiences don’t happen by accident. It takes a commitment to create, measure, and continuously improve your customer journey. This means looking at the journey before they become a customer, and looking at the journey after they become one.

How often are you talking to customers about their experience with your team? How do they feel about the service you are providing at every level in your company? Satisfied customers have no reason to change suppliers, but of course you won’t know how satisfied they are unless you ask them. It is critically important to have a mechanism in place to solicit feedback.

If you provide managed services, this might involve asking users about their level of satisfaction with the service they receive. If you are more focused on providing project or professional services, consider sending out a satisfaction survey at the end of each project to collect feedback.

Consider using the Net Promoter Score (NPS) as one measure for satisfaction. The NPS is calculated based on responses to a single question: How likely is it that you would recommend our company/product/service to a friend or colleague? Those who respond with a score of 9 or 10 are called promoters, and are likely to remain customers for longer and make more referrals to other potential customers. Those who respond with a score of 0 to 6 are labeled detractors, and are less likely to remain as customers in the long term. You subtract the percentage of customers who are detractors from the percentage of promoters to arrive at the NPS score. Companies that use this method strive for a score of 50 or higher.

In addition to soliciting a quantitative measure of satisfaction, you should also provide customers with the opportunity to tell you why they are satisfied or dissatisfied.

Regardless of how you measure customer satisfaction, it is important to act on the feedback you receive and follow up with customers to demonstrate that you are taking measures to address their concerns. If your customer is dissatisfied, get to the root cause and fix it. And then tell/show them how you fixed it.

If you provide project services, another technique is to conduct a post mortem of the delivered project. Here you should involve both the technical project team and the customer success manager to enumerate what went well, what went wrong, and what could have been done better. Focus on the latter two for opportunities to improve your solution or your process.

KEY COMPONENTS OF A CUSTOMER SATISFACTION SURVEY

- Qualitative questions around solution, pain points alleviated, quality of work, and customer service
- Quantitative questions around cost of implementation, incremental cost savings, and other measurable metrics
- Track results over time for validated stats
- Capture customer information
Optimize and Grow from Feedback

Use Feedback to Optimize and Grow

Take the feedback you have collected from the customer and your customer team to optimize delivery and look for opportunities to document and improve processes and automate tasks.

Work to identify opportunities to optimize the costs incurred in delivering the solution. Often times, this will lead to either opportunities for IP creation or for the creation of repeatable processes you can use with your next round of customers.

Many people automatically associate intellectual property (IP) with software, apps, and technology tools. But standardized and repeatable processes can also be your secret sauce. When you document the steps involved in completing a job or build templates for deliverables, you are creating intellectual property.

It’s common to get caught up in delivering projects and solutions and never get to the task of documenting what’s been done and the lessons learned along the way. But unless you build in the time to take a breath and take stock of what worked well and what didn’t, you will never be able to develop repeatable methods and processes. You need to make harvesting repeatable work products a standard task and hold staff accountable (or reward them) for completing it.

Think broadly about your repeatable processes. Go back and look at your last 20 or 30 or even 50 projects and see what they have in common. You may be surprised at how many times you have completed a type of project or specific task over and over again. And if you have done something often enough, chances are you have a latent specialization. Successful partners take this discovery to the next level by wrapping that depth of experience up as a “product” that can then be sold, publicized, and marketed as a differentiated skill or service.
Performing a Post Mortem

What is a Post Mortem?

A project post mortem, also called a project retrospective, is a process for evaluating the success (or failure) of a project's ability to meet business goals.

A typical post-mortem meeting begins with a restatement of the project’s scope. Team members and business owners are then asked by a facilitator to share answers to the following questions:

- What worked well for the team?
- What did not work well for the team?

The facilitator may solicit quantitative data related to cost management or qualitative data, such as perceived quality of the product. Ideally, the feedback gathered from a project post mortem will be used to ensure continuous improvement of the management of future projects. Post mortems are generally conducted at the end of the project process, but are also useful at the end of each stage of a multi-phase project. The term post mortem literally means "after death." In medicine, the term is used to describe an examination of a dead body in order to discover the cause of death, and in project management the term is used to understand how the project reached the conclusion it did.
Refine Customer Value Proposition

Resources

How to Tell Your Story: Value Propositions Video

Refine Customer Value Proposition and Offer

Focus on what you could do better — and communicate.

Work with your customers, staff, partners, and others with whom you engaged to better understand how you can improve your value proposition.

Start with these four questions:

- What do your customers love about your company?
- What would they change?
- What keeps them awake at night that we solve?
- What are competitors doing they wish you did?

Take the answers to these questions and refine your value proposition, and if necessary, your offer.
Expand to Similar Customers

Resources

Modern Partner Optimize Operations

Vertical Customer Play

Each vertical market is unique, but may be familiar.

All partners are looking to grow their customer base from time to time. One of the best things you can do is to make advancements in new vertical markets. Some of the vertical markets to consider include retail, financial services, healthcare, and public sector.

Partners may consider using marketing campaigns and featuring case studies to show success in other industries. Be prepared to offer a free engagement, advice, or proof of offering to break into a new industry.

When deciding which industry to focus on, consider the following:

- Does your business have the capacity for additional customers?
- Do you have specific expertise in the industry? Or can you hire someone with the expertise to help you grow in that industry?
- How does that industry feel about technology? Are they early adopters, or laggards? (Either can be successful, but you need to understand where they are.)
- Lastly, appropriate content by industry is critical. You will be wise to commission a collection of marketing materials to use for your marketing automation, website, proposals, emails, and more. Having the correct content for the specific market instills confidence in your business.
Optimize Costs

Efficiency, Profit and Growth

Optimize profit to fund growth.

We all want to have profitable businesses and IDC’s research shows that those that are heavily invested in cloud do better than their peers with respect to profitability. But profit doesn’t happen automatically just because of cloud. You need to have the right processes and methods in place to drive the efficiencies that reduce costs while still delivering high-quality services. If you are able to achieve that balance, profit should follow.

![Gross Profit and Revenue Growth by Cloud Revenue](image)


But, it doesn’t stop there. If you have efficiency and profit, you have also created the fuel for growth. Your profit provides the funding to invest in pre-requisites for growth, whether it’s hiring special skills, buying a company, or renting more office space.

To acquire and maintain a profitable group of customers, you will want to create “look-alike profiles.” To do this, look at your most profitable customers. What size is the company? What solution did they purchase? Did you offer any particular expertise? Did they have an unique business need? Were they in a particular industry?

Once you build a profile (or profiles) for your best customers, you can use that profile to find others like them. This is called “Look-Alike” marketing. It helps to narrow your focus when choosing who to market to, or what medium to utilize. It helps to create content for those specific types of customers. It also helps with referral marketing, allowing you to clearly articulate the best fit for your company.

TIP: Use your look-alike profiles to procure prospect lists to market to.

RESOURCES:

⇒ Modern Partner Optimize Operations

aka.ms/practiceplaybooks
Measure Results

Measuring your strengths and gaps is key to ongoing success. To determine if your cloud business is performing to the best of its ability, you need to establish key performance indicators (KPIs) to measure your success. Consider using this approach and applied measurement to ensure you are monitoring and rewarding the right behavior:

- **Take a disciplined and structured approach.** Financial discipline is key to the success of any business, but it needs to empower and inform decisions, not limit them.
- **Set and review targets.** Set targets and objectives for your next year or mid-year, and review them along with corrections of errors if needed.
- **Align execution.** Ensure all internal teams are aligned against the same metrics.
- **Benchmark.** Benchmark your organization with clear key performance indicators (KPIs) to drive your progress. Below is an example of a dashboard with KPIs:

**SOME OF THE SPECIFIC ITEMS YOU MAY WANT TO MEASURE INCLUDE:**

- **Staff utilization.** The amount of time spent on billable work divided by the number of billable hours per person, per year (typically 1,500 to 1,700 hours; taking statutory holidays, vacation, and training into account).

- **Billable markup rate (BMUR).** This measures the profitability of billable resources. It is calculated by taking the hourly charge-out rate of the individual and dividing it by their loaded cost (salary, variable pay, benefits) per billable hour. Best-in-class partners score 2.5 on this metric, while 2.0 is the generally accepted baseline.

- **Backlog.** This is the total amount of work you have outstanding in days (including project work, support work, and ad hoc work with clients) divided by the total number of billable resources. Anything beyond 120 days indicates a strong pipeline of work; anything less than 30 days may be problematic.

- **Rate of customer acquisition.** The number of new customers acquired per month, quarter, or year.

- **Average revenue per user (ARPU).** Total revenue divided by the number of users.

- **Direct sales cost.** This measure determines the value a seller is providing to the company. In the cloud, 8–10 percent is ideal and 15 percent is acceptable, but anything beyond that means either their quota is too low or their income is too high.

- **Percentage of billed revenue spent on marketing.** It’s common to see less than 1 or 2 percent of revenue being spent on driving net new demand. However, some of the most successful partners spend anywhere from 8 to 10 percent.

- **Renewal rate.** This is the percentage of customers that renew their cloud subscriptions. Typically, you’re looking for something less than 8 to 10 percent per year of annual churn.

- **Attach rate of secondary offerings.** The value of secondary offerings sold in addition to the solution sold as the first step in the engagement (e.g. Office 365). IDC research shows that the average partner sells $4.14 of their own offerings for every $1 of Microsoft Cloud solutions they sell. Partners with more than 50% of their revenue in the cloud attach $5.86 of their own offerings.

- **Services attach rate.** This is the percentage of active customers paying for managed services in addition to core product offerings. You want to aim for a 70% or
higher attach rate if managed services is a primary focal point for your business.

- **Percent of revenue from recurring sources.** Ideally, a partner starting their journey to the cloud should aim to have 15 percent of revenue from these sources by the end of year one, 33 percent by year two, and 45 percent or more by year three.

- **Gross margin by offering.** For project services, striving for 30 percent or more gross margin is important; managed services should return at least 40 percent and IP over 50 percent.

- **Efficiency factor.** The measure of how much work you’ve already done that can be repurposed, packaged, and resold as IP.

- **Average calls per customer.** The average number of calls per customer in a given month for managed services. It’s reasonable to expect lots of calls in the early stages of the customer relationship, but over the long term, call volume should subside.

- **Average case duration.** The amount of time it takes to field the call, work, resolve, and document a case ticket.

- **Services rep utilization.** This is calculated as the average amount of hours annually spent per representative actively working cases, divided by the number of available hours.

These measures aren’t new. In fact, they’ve been around for as long as services businesses have been in place. The challenge is how you manage them. Are these metrics being tracked on a regular basis? Do you have process and cadence for reviewing them?

### Creating Scorecards

You should have scorecards set up for your business that all your employees pay attention to. Create scorecard and financial impact actions that include:

#### GOOD
- Track your gross services margin across your business.
- Review your ARPU monthly.

#### BETTER
- Set a target for your gross managed services margin and ARPU for the year.
- Track your gross margin for all revenue streams across your business (managed services, project services, resell, and IP), as well as ARPU.
- Review the KPIs monthly with correction of errors implemented.

#### BEST
- Instrument the KPIs of your business including gross margin, ARPU, service attach, delivery, and contract renewals.
- Integrate these KPIs into the operational aspects of your business, including contract reviews and compensation.
- Align the compensation of your leadership on a few KPIs.
Partner to Partner Relationships

Grow Partnerships

Nurture your partner relationships.

Partnerships, when done well, help to reduce the cost of going to market, increase your reach, build your market reputation and market share, better compete and win new business, increase your overall profitability, and grow your customer lifetime value.

Working with other partners can help you expand your geographic reach or provide ongoing customer support more efficiently than you can yourself. In most scenarios, working with other partners allows you to focus on your own core advantages.

A 2013 IDC study, The Value of Partnering, found that those companies that had been involved with the most partner-to-partner activity also had some of the best business metrics. The study showed that the group of partners who associated 30% or more of their revenue with partner-to-partner collaboration were also the ones who were growing the fastest — 19% growth versus 10–12% for the rest. Clearly, there is a strong correlation with high growth and partnering.

In some cases, demand for services or products may come from vertical markets that you are not equipped to serve. Instead of trying to develop all the vertical expertise in-house, consider partnering with others to complete the vertical solution that is outside of your expertise.

If you have horizontal intellectual property (IP) or unique skills, you may be able to differentiate by working with partners who have specific vertical expertise. You can decide how the relationship works on a partner-by-partner basis. For instance, you may just need a partner to introduce you to the right decision maker in a vertical. If you don’t speak the language of the vertical, you may need a partner to take on the sales consultant role. You may want the partnership to extend to scoping the requirements for a vertical, or to jointly build a vertical-specific version of your IP.

Use your own experience as the basis for best practices for your customers. Start by identifying small, incremental initiatives that will make a visible impact for the customer. If you haven’t done this kind of project before, recruit a friendly customer for a proof of concept.

According to IDC, “currently 49% of partners offering solutions for specific business functions partner with other channel partners to enhance their total solution.” (Source: IDC) In order to optimize this opportunity, more partners need to be engaging in partnerships.

As IP becomes increasingly more important to compete with other companies, partners will consider looking at outsourcing the development of their IP, and they will be looking at ways to differentiate by adding proactive managed services. Partners are evolving in new ways to stay more competitive and meet customer needs, and these changes require a clear partnering strategy to speed the change, gain greater efficiencies, and go to market faster.

Partners should consider both portfolio-style partnering for immediate needs, projects, and talent and also longer-term strategic joint ventures and alliances for long-term competitive growth and differentiation. As partners mature in their partnering model, the need for channel development and cross-border partnerships will evolve.

RESOURCES:

• Enterprise Cloud Strategy eBook

aka.ms/practiceplaybooks