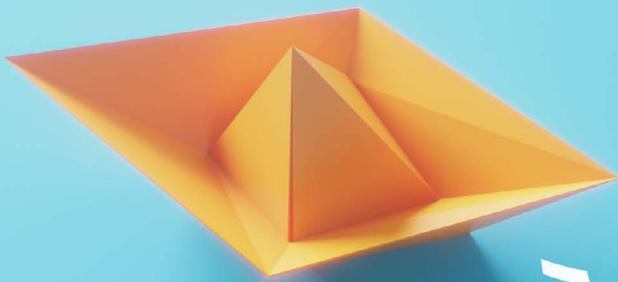


CUSTOMER SUCCESS: A JOURNEY BEYOND CUSTOMER SATISFACTION



FIELD SERVICE NEWS





CUSTOMER SUCCESS: THE SIMPLE EVOLUTION OF CUSTOMER SATISFACTION, OR IS IT SOMETHING MORE?

There has been much talk in recent years about the importance of customer satisfaction and ensuring customer success.

However, what exactly do we mean by customer success? How must the approach to service delivery differ to meet this new standard?

Is a focus on customer success merely an outgrowth of customer satisfaction? Or is it set to become a critical piece of understanding as our industry moves towards a more advanced approach to service delivery that leans heavily into servitization?

This white paper will explore the discussion from multiple aspects and will examine the decisive elements that field service organisations must take under consideration if they are to move beyond an approach that balances customer satisfaction and operational efficiency to embrace a strategy that places customer success at the heart of a strategic service-centric model.

HOW DO WE DEFINE THE DIFFERENCE BETWEEN A FOCUS ON DRIVING CUSTOMER SATISFACTION AND DRIVING CUSTOMER SUCCESS?

There is now little doubt that Customer Satisfaction (CSAT) metrics are viewed as a critical part of measuring effective field service operations.

This is a trend that has been becoming increasingly obvious for several years. In a 2020 Field Service News Research report, "[Understanding the metrics that matter in a rapidly changing field service sector](#)", it was revealed that 51% of field service companies now saw an equal weighting in importance between operationally focused KPIs and CSAT-focused KPIs.

Furthermore, 13% of field service companies stated that they felt CSAT focused KPIs were of greater importance for measuring their business success.

In a more recently published Field Service News Research study, "[Customer-Centricity, Technology and the New Normal of the Field Service Sector](#)" from 2021, we saw that CSAT metrics were a crucial indicator of revenue growth metrics amongst field service organizations.

This was anticipated for growing revenue with existing clients, but interestingly, strong CSAT metrics were viewed as an essential indicator for winning new business also.

In fact, of the 293 respondents within the study, 88% stated that strong CSAT metrics were at the least a 'very strong' element in winning new business. 32% of the total respondents even said they were an 'extremely important' element.

Given the above, it is a reasonable assessment to make that the importance of strong customer satisfaction has firmly taken root within the field service sector.

Yet, increasingly those discussions centred on delivering excellent customer service are morphing into discussions centred on ensuring customer success.

The question many service leaders are asking is are the two synonymous? Is customer success a natural evolution from customer satisfaction or are the two areas related but distinctly separate (like servitization and outcome-based solutions, for example)

Perhaps to help us better understand the question, we should outline some definitions of customer success.

CRM and CMS provider and specialist platform for inbound marketing software

HubSpot [defines customer success as follows](#):

"Customer success is anticipating customer challenges or questions and proactively providing solutions and answers. Customer success helps you boost customer happiness and retention, thus increasing your revenue and customer loyalty."

The Customer Success Association however [define customer success](#) as "a long-term, scientifically engineered and professionally directed business strategy for maximizing customer and company sustainable proven profitability."

A third definition [provided by Gartner is](#) "Customer success is a method for ensuring customers reach their desired outcomes when using an organization's product or service. A relationship-focused customer success strategy includes involvement in the purchase decision, implementation and use of products or services and customer support."

If we look at each of these definitions, we can see why many are confused regarding the difference between CSAT and customer success.

The first definition from HubSpot doesn't seem to stray too far from good customer service, the foundation of customer satisfaction. Within this definition, the two terms could indeed be interchangeable.

The second definition from the Customer Success Association comes across as something of a buzz-word salad – with phrases smashed together, leaving the average reader with little additional insight into what the term means and even potentially adding more confusion into the mix.

Finally, as we look towards the Gartner definition, we find something we can begin to utilize as we seek an answer to our question.

Within Gartner's definition, we can see that customer success is more than meeting or even anticipating customer requirements as we saw in the first definition, but instead has an understanding of the customers end goals and establishes a path to achieving these utilizing the organizations own service or product.

Within our industry, a considerable amount of discussion for the last few years has centred around servitization and outcome-based service models.

Reading through Gartner's customer success definition, it could be viewed that customer success could and perhaps should be included within the increasingly broad umbrella of servitization.

As the continuing academic research and literature into servitization grows alongside the case studies of successful servitization, the existing model of servitization being a series of steps that lead towards a goal of outcome-based solutions is perhaps outdated.

Outcome-based solutions are certainly one end-point of servitization, but if we viewed servitization as a spectrum of advanced service design rather than the traditional linear perspective, could the customer success methodology sit somewhere else on that same spectrum?

Suppose we break down the difference between outcome-based service and customer success methodology. In that case, there are certainly plenty of aspects that are shared. It could be argued that the final responsibility for the delivery of the outcome is the only true differentiator.

Indeed, an intimate understanding of the end goal shared with the customer and the service provider is required in both service models.

Equally, while CSAT is a solid foundation to begin building towards any form of servitized offering, the leap from CSAT to a customer success based model is arguably as significant as it would be to an entirely outcome-based offering.

In the next section of this paper, we shall explore why...

“OUTCOME-BASED SOLUTIONS ARE CERTAINLY ONE END-POINT OF SERVITIZATION, BUT IF WE VIEWED SERVITIZATION AS A SPECTRUM OF ADVANCED SERVICE DESIGN RATHER THAN THE TRADITIONAL LINEAR PERSPECTIVE, COULD THE CUSTOMER SUCCESS METHODOLOGY SIT SOMEWHERE ELSE ON THAT SAME SPECTRUM?”

DOES A FOCUS ON CUSTOMER SUCCESS REQUIRE A SHIFT IN MANAGEMENT STRUCTURE?

Suppose we consider customer success more in line with a servitization model than simply increasing CSAT metrics. In that case, we may start to see a more straightforward path towards developing the model. However, this also leads us to conclude that such a shift in focus for a service organization will require significant changes within processes and potentially a change in management structure.

The established servitization models are centred around establishing long-standing partnerships between the service provider and the customer. Indeed, as we look at many of the high-profile examples of servitization, often in the early adoption of such service strategies, not only is customer selection crucial, very often, the evolution of the service model is one of genuine co-creation.

One acknowledged approach in developing such forward looking service design is establishing a tiger team – a group of specialists dedicated to the project full-time. In the co-creation model, such a team can comprise both organizations bringing in their specialist expertise, knowledge and insight. Additionally, both organizations also develop the new approach parallel to existing service agreements, which is especially important when considering the mission-critical status that field service operations hold.

However, once the proof of concept is established, should the service provider wish to roll out a more comprehensive servitized offering, a clear management structure to facilitate the effective rollout is required.

We would expect to see an executive-level leader at the top of this structure – ideally reporting directly to the CEO.

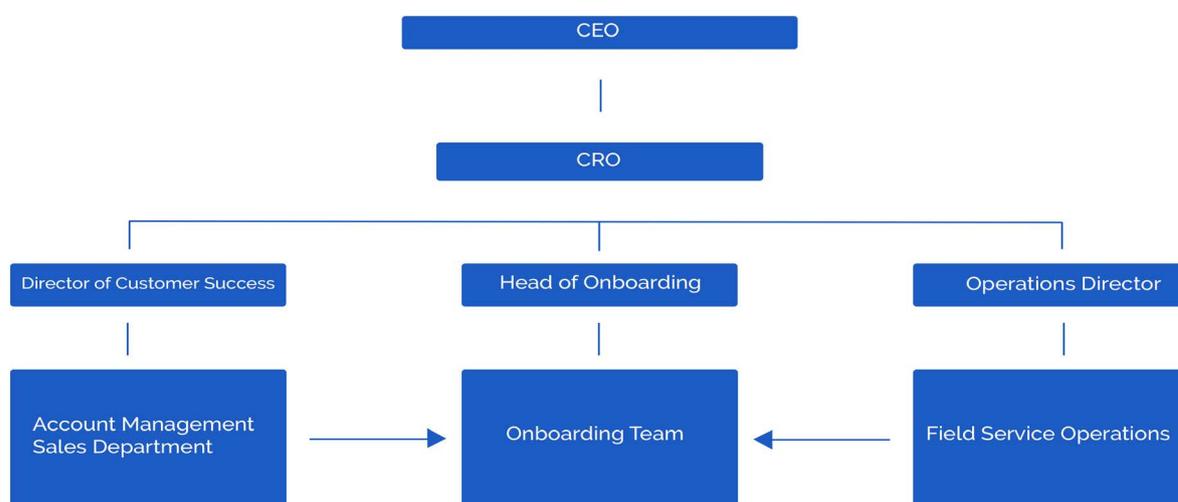
Such a position may come in several guises. One option is the role of a chief revenue officer (CRO), which we are beginning to see emerge as a blend of the two roles of Chief Service Officer and Chief Sales Officer.

Another alternative could be Vice President of Customer Success. For ease of reference, we shall use the term CRO in this paper. Regardless of the name, the function of the role remains the same.

This is a position that requires an intimate understanding of where the value proposition of the service provider lies within the eyes of the customer (to drive successful approaches to revenue generation), while simultaneously having detailed knowledge of how the service operations can effectively meet the service delivery requirements while retaining efficiency both in terms of internal costs but also meeting the customer goals.

In addition to both of these skillsets, the potential CRO must also have the broader business acumen and insight to see how such a move will impact and draw upon other aspects of the organization as well – from R&D through to marketing.

Beneath the CRO, a hypothetical management structure could be mapped out into three key areas as per the graphic below.



On the left-hand side, we have a customer success team led by a director of customer success.

This would be a business division that evolves from the traditional sales team – with a heavier emphasis from account management on customer success and account development – i.e. building those long-standing, more deeply embedded relationships discussed earlier.

On the right-hand side, this structure is where our service operations business unit sits under the leadership of an operations director.

On this side of the operation, the shift in focus is perhaps less pronounced than the sales operation. In one sense, little changes in seeking the maximum efficiency and operational metrics such as technician utilization, mean-time-to-repair and first-time-fix rates remain as crucial as ever.

Ultimately, even in a fully servitized business model, the SLAs to be adhered to remain the same; however, they move from being an external agreement with the customer to being an internal requirement designed to allow the service operation to meet the guarantees of uptime that are now the bedrock of service contract.

However, we see a potential new business unit emerge in the centre of this new management structure – one dedicated to onboarding. In this case, it is also important to note that onboarding isn't limited to new customers.

Most service organizations adopting such an approach will be taking their existing customers from a service model that they have been comfortable

with for a long time to a far more holistic and encompassing model of service delivery.

Such significant change will almost always face some form of resistance. It is essential to have this interim team in place to help guide the customers through the transition from what is often a transactional relationship initially to one that becomes a true partnership.

Ideally, this onboarding team will bring a blend of in-depth operational experience and fantastic account management skills. A recommended approach could be to draw from both the operations and sales sides of the business to establish this new business unit.

This is, of course, just one hypothetical and fairly straightforward management structure to help illustrate the point. Many more complex variations could be implemented to achieve the effective development of a servitized or customer success-focused business model.

What is clear, though, is that while a similar structure could be adopted for various types of servitized offering, be it outcome-based service or a customer success focused model, the evolutionary leap from a CSAT focus will very likely involve both executive-level support and some restructuring of management structure.

Another critical aspect essential to the successful adoption of such a model is the easy flow of data across business units and the proper technological infrastructure to ensure that the service operation can operate at maximum efficiency – which we will discuss in the next section of this paper...

“WHILE A SIMILAR STRUCTURE COULD BE ADOPTED FOR VARIOUS TYPES OF SERVITIZED OFFERING, BE IT OUTCOME-BASED SERVICE OR A CUSTOMER SUCCESS FOCUSED MODEL, THE EVOLUTIONARY LEAP FROM A CSAT FOCUS WILL VERY LIKELY INVOLVE BOTH EXECUTIVE-LEVEL SUPPORT AND SOME RESTRUCTURING OF MANAGEMENT STRUCTURE...”

HOW RELIANT ON THE IMPLEMENTATION OF TECHNOLOGY IS A SHIFT TO CUSTOMER SUCCESS?

In the previous section of this paper, we discussed the importance of a new role at the executive level, the CRO, that has oversight of revenue generation and operational efficiency. We also noted that core to this role is an understanding of how the wider business must adapt, support and buy into the broader servitization strategy.

However, perhaps of equal importance is the flow of data across the business.

Often, data is locked away in silos across a business, yet in a servitized model, the seamless movement of data is essential. For example, asset data that provides actionable insight for when service is required, which is the key to unlocking genuinely efficient predictive maintenance, is also exceptionally valuable to the product design teams as it enables them to see the common causes of asset failure and work to resolve these issues.

If accessible to account managers in a customer success model, that same data allows for a level of transparency within the relationship that can be the foundation of trust that is required for deeper, more effective partnerships. Similarly, data flow into the accounting tools used within an organization can significantly reduce the service-to-cash cycle.

To achieve this flow of data, there is an inherent need for critical systems to be able to talk to each other. Two approaches are applicable here. Either a broad platform that encompasses all of the solutions required, such as FSM, ERP and CRM or a focus on best of breed solutions in each of these areas that have easy to use APIs that allow for effortless data flow across the broader system.

While there are arguments that can be put forward for both approaches, largely, it is the latter that is the more common.

There is a degree of complexity in any organization that operates a field service division that means multiple systems in place will be running alongside each other. Replacing all of these with one platform may seem like a straightforward proposition, but in fact, it is a challenge not only from a technology standpoint but also from a change management perspective. Put simply, such a project requires time and resources that many organizations, especially those in the mid-market, just don't have.

The alternative is not only more achievable for companies of all sizes, but with an open approach to integration, the ability for data flow to drive forward customer success efforts can be harnessed while also having the added advantage of best in class solutions where they are most needed.

When we look at the field service operation, the tools and technology that enable the efficiency required for a servitized approach are now mature and well established, with most field service organizations having at least a legacy

form of FSM. Indeed, technology has become a critical aspect of field service operations. As we continue to move towards more advanced service offerings, this symbiosis of processes and technology will only increase.

Ultimately, the ability to deliver effective and efficient field service is firmly wedded to having a technology infrastructure in place.

The pandemic has been shown to have significantly driven investment within digital transformation amongst field service organizations. A study by Field Service News Research, [Benchmarking the New Normal from Year Zero](#), from late 2020 revealed that two-thirds (65%) of field service companies stated that their digital transformation programs had been accelerated since Covid-19.

Technologies that enable remote service delivery and accurate predictive maintenance scheduling such as Augmented Reality and Internet of Things connectivity have rapidly evolved from being at the leading edge of an adoption curve to becoming utilized far more prevalently by field service organizations.

Adoption of such new technologies, of course, only strengthens the argument for core systems such as CRM and FSM to have robust API development.

However, while it is the newer technologies that often dominate the headlines when we consider the shift in focus of servitization and customer success models from being a mere service provider to becoming a genuine partner with a vested interest in the optimal performance of an install base, then the need for a robust technological foundation underpinning field service operations is more crucial than ever before.

From the back-office perspective, tools such as asset management, work order management, scheduling and dispatch and route optimization are now table stakes for field service organizations to deliver effective field service delivery.

Tools that can empower our field service technicians and engineers such as knowledge management, easily accessible forms, alerts and notifications and more, all packaged in an intuitive mobile app, are equally essential.

In addition to these more traditional tools found within an FSM system, customer portals, reporting and insight surfacing tools and invoicing are all becoming increasingly critical to allow the field service organization to operate at a sufficient level of efficiency where servitization or customer success models can be effectively executed.

Having looked at the potential requirements of both management structure and technologies needed to adopt a customer success orientated approach to service strategy, the final question we shall address in this paper is whether these changes mean that we must also change the way we measure success...

THE METRICS OF CUSTOMER SUCCESS

Do we need to rethink how we measure success within our organization if we move towards a servitized or customer success focused model? This is something of a complex question, and in many ways, the answer is both yes and no.

From an operational perspective, as we put forward earlier in this paper, broadly what defines operational success in a transactional break-fix service offering largely remains the same definition of success that we would see in a servitized model.

To reiterate, in the traditional break-fix setup, metrics like mean-time-to-repair, first-time-fix-rate, and technician utilization are all indicators of how efficiently the service organization can meet the customer's external demands and

Yet, when we think of customer satisfaction metrics, are these suitable to identify a measure of success in a servitized or customer success-based service design model?

Rudimentary statistics such as Net Promoter Score can offer a broad overview of service standards. More detailed tools like customer surveys allow more specific insights to come to the fore, and modern tools such as sentiment analysis can fill in the gaps between the two.

However, all CSAT metrics are the equivalent of driving while looking in the rearview mirror and while valuable indicators, are perhaps not focused enough for the end-goal of defining customer success.

“CSAT METRICS ARE THE EQUIVALENT OF DRIVING WHILE LOOKING IN THE REARVIEW MIRROR AND WHILE VALUABLE INDICATORS ARE PERHAPS NOT FOCUSED ENOUGH FOR THE END-GOAL OF DEFINING CUSTOMER SUCCESS...”

expectations.

In a servitized offering, those same metrics remain vital for ensuring that the field service operation is running at a level of efficiency that makes it both feasible and financially rewarding for the service provider to offer such as solution.

Yet as the Field Service News Research study from late 2019, [Understanding the metrics that matter in a rapidly changing field service sector](#), revealed, of those organizations that had introduced some level of servitization into their service portfolio, over 80% of them had made changes to the KPIs they measure.

Also, remember the statistic we referenced earlier in this paper from that same report- over half (51%) of all field service organizations now placed equal importance on CSAT metrics as they did operational metrics – a statistic that has steadily risen year on year since Field Service News Research began hosting benchmarking studies in this area back in 2013.

In earlier sections of this paper, we have touched on how co-creation often lies at the heart of many successful servitization case studies and the potential importance of an onboarding team.

When it comes to defining the core metrics for a customer success-based service model, a critical role of the onboarding team (and also of pre-sales and/or account management) should be to work with the customer to identify a shared set of metrics that will shape how success is defined.

This may require data sets from both organizations to combine a new set of KPIs that allow the service provider to ensure they meet the requirements. Should these KPIs indicate an issue, then traditional operational KPIs can provide an insight as to why. Meanwhile, broader CSAT metrics can offer an indication of the overall temperature of the service organisations success.

This more complex understanding not only of what success looks like for each customer but also leveraging existing KPIs to ensure that is happening at the macro and granular level, serves once more to re-enforce the importance of not only having the tools to empower effective service delivery but also the critical importance of reporting tools that allow the service provider to quickly and easily keep their finger on the pulse of how the service operation is performing.

In addition, such reporting tools allow the service provider to offer a layer of transparency that is crucial in communicating with the customer. This transparency leads to a relationship founded on trust. In summary, new metrics will evolve, but the old metrics remain vital and access to data is key in all areas.

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