Client Case Study

A Top-Tier Cloud Company Seeks to Maximize Customer Lifetime Value

When Mark Baker, Vice President of Sales and Service for Citrix, was looking for assistance in leading a project to revamp his company's client service strategy, he chose Lori Carr & Associates to help him execute the right process, involve the right people, and ultimately finish with a plan that could be understood and acted upon quickly.

"One of the things about leadership, when you're trying to effect change, is to get early buy-in to the process from the people who actually need to implement the changes," Mark said. "I knew Lori had deep experience in customer success and client satisfaction, but I also knew about her ability to lead cross-functionally in a group, which was very important in our case."

As a way to focus on Citrix's customer experience after discovering that customer retention had fallen by 2 percentage points, Mark explained that Lori began with a discovery process to identify issues and challenges, and then quickly moved to an interactive workshop in which key players from all corners of sales and service could get aligned onto the same page of the plan.

"In the workshop environment, we went through a process to identify and prioritize customer retention opportunities that would get us early big wins and also longer-term, more strategic wins—in other words, clarifying 'What should we be focusing on?'" said Mark. "Going through that process as a cross-functional team is extremely valuable because the team feels like they're part of the problem-defining and part of the prioritization. That helps them to be bought-in for the time when we say, 'Okay, now we need to run hard, and I'm going to ask you for some extra effort.'"

Focusing on the right things

From the beginning, getting a clearer picture of customer expectations was a primary goal of the project. Important data points included client profiles, churn rate, account turnover rate and the reasons for it, and other key indicators. "At the time, Citrix was about a $450M company, so just 1 point of attrition could mean millions of dollars in lost revenue. Getting a clear picture of customer expectations within the different customer segments at Citrix, and the reasons for churn in those segments, was something we needed to understand better," Lori said.

Lori, Mark, and the team identified that a particular set of customers—the middle-revenue segment—wasn't getting the attention they deserved and expected. The team then identified specific ways to service those customers, ensuring product adoption, usage, and value outcomes they expected, and supporting them with an appropriate service structure. "We brought in lots of data on the makeup of our clients, and then looked at how we should provide service to those customers, and what workflows and technology would work best to get information back to them about their usage of the service so it was meaningful to them," Mark said.

Broadening the view to look at lifetime value

Citrix had a set of KPIs that were built primarily around customer retention, but Mark worked with Lori to change the mindset of the team and the company to include a broader view.

"For a $450M company, 1 point of attrition was worth $4.5M, but we talked in more expanded terms about total worth when losing, for example, a $100,000 client—in other words, you're not just losing $100,000." Mark said. "Because customers

can be with you for 4–5 years, that period creates even more value with a company like Citrix. The cost of support for longer-term customers goes down over time, so our profit margins are better with those customers. They are more educated, use the product in a more effective way, and have developed a relationship and trust with us. Conversely, if you lose them in the first year, there is an opportunity cost, because you lose the chance to achieve a greater profit margin over time through that longer relationship."

Mark and Lori both felt that bringing the company around to focus on deeper measures like customer lifetime value (and the potential loss of that value) was crucial. As Lori explained, "Once people understand the true value of what's at stake with customers, they engage more deeply in process improvement." Recapturing that 2% of lost customer retention at Citrix meant preserving $9M in revenues over a 1-year period, and that's exactly what the Citrix team did. When viewed over the average contract life of their customers (5 years), that $9M had the potential to turn into a $45M revenue preservation effort.

"My clients can always tell me what their customer attrition rate is, but when I ask them what that attrition's immediate and long-term financial implications are, they find that to be more difficult," Lori said. "So we need to understand the financial impact of specific lost customers and look at the combined root causes of attrition, to see where we can make progress through the identification of specific improvements."

Why Lori Carr & Associates was the right choice

Mark explained that Lori Carr & Associates' ability to move from discovery to action plan in a smooth and efficient manner was a critical success factor in the Citrix project. He felt that Lori's commitment to leaving the team with a plan that could be easily articulated and socialized within the company would be of lasting value.

"I had a great comfort level in terms of bringing Lori in as a consultant, and it's always valuable to bring in someone with diverse experience from other industries," Mark said. "But the big thing for us was building this into a logical approach that we could bring back to the team and the executives, which outlined: 'Here's why we need to take action, and here's why we need to make the investments we're making in these priority areas, because that will have a positive impact on our clients' satisfaction and overall revenue.' Lori Carr & Associates' process was methodical and well thought-out. It involved the constituents and it had a specific outcome that could be delivered back to the organization."