What do you do if you're losing customers? V2

What is the purpose of this article?
Provide the board of directors, C-Suite, and investors with a framework to have the facts necessary to discuss the broad range of options to address customer loss.

What are the critical learnings in this article?
1) You need facts regarding why customers are deciding to leave your company and fewer customers deciding to join. You will fail if you base your decisions on opinions and hopes.
2) You need an understanding of how you ended up in this situation and then make the changes before you start the decision process on what to do. You will fail if the same people are using the same processes and approach to make decisions.

What are your internal company facts regarding your cash paying customer loss?
1) How many customers are you losing, by month?
2) What is the churn rate?
3) What is the lifetime customer profit you're losing and what were the customer acquisition costs?
All of the above should be categorized by: target segment, cohort, customer persona, channel, and partner.

What has happened to the overall cash paying customer demand over time? I.e. the market size
1) What has been the trend in the overall number of cash paying customers?
2) What has been the trend in their overall spending for your solution and the solutions from your competitors?

What is the cash paying customer and user perception of the value they obtain from your solution?
1) Are your current customers recommending your company (if so why), or not recommend your company (if so, why not)? This is the NPS (Net Promoter) concept. How does your NPS compare to your competitors and more broadly?
2) When the customer began paying, what urgent problem or need did they have and what value were they seeking from your solution? Value can be tangible: (e.g. cost reduction, time savings) or intangible (convenience, feeling good, perceived risk reduction).
3) When the customers left, what had changed in regarding the problems or needs they had and the value they were seeking from your solution?
4) What reasons did the customer give for leaving?
5) What are the benefits your customers obtain from your solution? These benefits can be tangible (e.g. cost reduction, time savings) or intangible (convenience, feeling good, perceived risk reduction)
6) Why did your competitors' customers not select you?
7) How have the above changed over time.

What have your learned from your competitors customers?
1) Why did they not select you and why did they select your competitor? This requires historical and ongoing data collection.

How do you collect this data from customers
1) You proactively engage with your customers, e.g. one-on-one interviews, focus groups, surveys, etc.
2) What do customers ask and tell you in person; via emails they send; via questions, reviews and comments on your website or other social media; what they talk about when contacting customer service, etc.
3) Analyze the value that customers achieve from your solution. How often do they use the functions which they have told you are of value? For example, if your company's solution is helping customer teams to collaborate: how many teams are there, how many messages are they sending, etc. This assumes that you have built measuring tools into your products and service.
4) Analyze what you observe of customer actions: e.g. retention rate, churn, etc.
5) Analyse the financial aspects e.g. what is customer acquisition cost, customer life time profitability?

For all of the above data, analyse what have been the historical trends. Whenever possible, benchmark your company against the competition.

How has your customer persona changed?
1) What is the target customer persona?
2) If you have a target customer persona, re-validate the facts in the persons.

Is the overall target customer market size shrinking?
1) What will be the future market size?
2) Will you still be able to grow the value of your company in this shrinking market? E.g. having 100% share of the target customers who want a physical keyboard on the phone results in a tiny company.
3) Should you redefine who your target customers are?

Is the overall market size the same or growing?
The above data and analysis will reveal what changes are required in how customers perceive the value they receive from your solution. The new value proposition will then drive the internal changes your company needs to make.

What are your next steps?
1) Collect and analyze the historical and current situation facts.
2) Define the required talent (board of directors, C-Suite, advisory board, and external advisers) and decision making process.
3) Assess your current decision talent and decision making process relative to the requirements.
4) Make any required changes before beginning the decision making process.

There are many potential actions to take, including:
1) Selling the company, doing acquisitions, doing divestitures, redefining who your target customers are, refocusing on what your target customers current urgent problems and needs are, changing channels, changing partners, making all of the internal changes necessary to achieve the desired actions and enable long-term success.
2) Internal changes can encompass: company purpose, company values, morals and ethics, company decision making principles, composition of the board of directors, composition of the C-Suite including the CEO, composition of the advisory board, changes to corporate governance, changes to talent, processes, and technology.

What further reading should you do?
What is the purpose of your company?
http://koorandassociates.org/corporate-governance/what-is-the-purpose-of-your-company/
How do you make strategic decisions?
http://koorandassociates.org/corporate-governance/how-do-you-make-strategic-decisions/
What are your company's decision making principles?
http://koorandassociates.org/corporate-governance/what-are-your-companys-decision-making-principles/
Why are values and morals important?
http://koorandassociates.org/values-morals-and-ethics/why-are-values-morals-and-ethics-important/