



Why IT Vendors Focus on Success Outcomes

What's a Success Outcome?

A success outcome is a business result top management of a customer would regard as a success. It describes a to-be state eg revenue targets achieved. And it has an emotional connection for top management - they understand what the success outcome means (no IT jargon) and they want it to happen. And it's not (just) successful use of a vendor's products or services. For more detail, see the summary at the end of this article.

Let's look at the reasons vendors focus on success outcomes.

REVENUE

Without question, the primary reason vendors focus on success outcomes is revenue growth. Success outcomes help vendors grow recurring, loyal revenue. A vendor that enables a success outcome the customer cares about will reduce churn. Customers don't want to get rid of vendors that enable their success outcome. The success the customer enjoys will lead them to invest more with the vendor, increasing upsell. And success encourages customers to invest in new products and services, increasing cross-sell.

Success outcomes also increase new-business (net new or new logo) win rates. But that's another article.



RISK REDUCTION

Vendors help the customer to achieve the success outcome which reduces risk of the project failing.

Success outcomes reduce risk for technology vendors.

In IT projects, the vendor provides products or services. But other elements affect success. The customer has responsibility for some elements. There may be other vendors involved. Sometimes the customer or other vendors make mistakes which can cause the project to fail. And failed projects cost vendors future revenue, even if it's not their fault.

Vendors have learned they can't leave these other elements to chance. There's too much risk to their own revenue. So, they help the customer with as much as possible of what's needed to achieve the success outcome. And this reduces risk of the project failing.

Stickiness - The Safest Place to be is on a Winning Team

Think about teams on a winning streak. The manager or selectors don't change the team even if one or two players aren't performing. They won't risk changing a winning formula.



Let's use a sports analogy to make a related point.

Think of a sports team that goes through a slump. The manager or selectors will change the team. They'll drop players. They must take action when the team isn't successful. Now consider the reverse. Think about teams on a winning streak. The manager or selectors don't change the team. Even if one or

two players aren't performing, those players won't be dropped. The manager and selectors won't risk changing a winning formula.

The same principle applies to IT vendors. If the customer achieves their success outcome, they won't drop any vendors. And here's the interesting

corollary. Even if the vendor's product isn't the best in the market, they still won't be dropped.

To cement their place on a winning team, vendors have learned to focus on the success outcome.

Winning Deals

The customer has an outcome they want to achieve. They know they need IT products and services as part of achieving that outcome. Some vendors will talk about their great products and most can show an ROI on the investment required. These vendors show the direct benefits of using their products and services – the product outcome.

Success outcome vendors know customers don't care about their products and services. Customers care about the success outcome they want to achieve. So, that's what Success outcome vendors talk about. How to achieve the success outcome. And they show how they can enable that outcome better than any other vendor. And that's why they win. They're selling what the customer really cares about – enabling the success outcome.

Customers care about the success outcome they want to achieve. Success outcome vendors win because they show how they can enable that outcome.

Getting Projects Approved



When the return isn't high enough to proceed with a project, the customer does nothing.

Vendors often face 'do nothing' decisions by customers. The return isn't high enough to proceed with a project. So, the customer does nothing. Success outcome vendors have learned the best way to get a project approved is to show the value from improving a success outcome.

Success outcome vendors identify projects that enable or improve success outcomes. The ROI is about the improvement in that success outcome. These projects have a far greater chance of being approved. And a success outcome will garner more interest at the top levels in a customer. This minimises the chance of a 'do-nothing' decision.

The Missing Link

Vendors have long understood they can't sell based on features. They teach salespeople to show the benefits. If the salespeople leave it up to the customer to make the link between features and benefits, the customer might not get it right. So, the salespeople clearly articulate the benefits. And they sell benefits, not features.

The better vendors go past benefits and talk about value. They show the returns from their products and services. They often have Return on

Investment models to quantify expected returns. The models are sophisticated and look impressive.

But the customer doesn't care about the vendor's products and services. They care about the broader outcome they want to achieve – the success outcome. And many vendors don't make the link between their product value and what the customer really wants – the success outcome. They leave it to the customer to make that link. Which may not happen.

Success outcome vendors sell the success outcome. And they show how their products are critical to achieving the success outcome. There's no missing link in the mind of the customer.

Vendors learnt they shouldn't sell features, they should sell benefits. They've now learnt they must sell success outcomes, not their products and services.



Many vendors don't make the link between their product value and the success outcome

Summary

Vendors have learned to focus on success outcomes to grow loyal, recurring revenue.

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Summary of Success Outcomes

In case you missed the earlier article (What Customers Really Want When They Invest in IT), here's a summary.

If they buy a hamburger



They want to be full



If they buy a movie ticket



They want to be entertained



If they buy a sports car



They want to be noticed



Whenever someone buys a product or service, they have an outcome to achieve. Think about anything people spend money on, and there'll be an outcome that it addresses. They buy a hamburger to be full; they buy a movie ticket to be entertained; they buy a sports car to be noticed.

The same is true in business. There's always an outcome a business wants to achieve when they buy something. And that's paramount when the business invests in IT.

TWO TYPES OF OUTCOME – Product Outcomes and Success Outcomes

In business, there are two types of outcomes.

Product Outcomes are the direct benefit of using a product or service. In IT, we work hard to show the direct value created when a customer uses our products or services.

But getting an IT product working isn't the outcome the customer wants. There's a bigger outcome they want to achieve. The product outcome is a means to an end, not an end in itself. We call the bigger outcome the customer wants to achieve the **Success Outcome**. It's what the customer considers success to be.

Product Outcomes are the direct benefit of using a product or service.

Success Outcome is the bigger outcome the customer wants to achieve.

To illustrate, imagine someone going to a hardware store to buy a drill bit. The hardware store manager knows the person doesn't want to own a drill bit for its own sake. The person wants to drill a hole in the wall. The direct benefit of owning a drill bit is the hole in the wall. The hole is the product outcome.

But the customer doesn't want a hole in the wall for its own sake either. They want to hang a photo or picture – perhaps a family photo. The family photo hanging on the lounge room wall is the success outcome.

What the customer bought



drill bit

Product outcome



Success Outcome



Restaurants provide another example. The restaurant offers good food and service. People will go to the restaurant to enjoy the food and service. Enjoying the food is the product outcome – the direct benefit of the restaurant’s product and service.

But people don’t go to the restaurant for the food alone. They go for an enjoyable evening with family or friends, or perhaps for a business meeting. The success outcome is a good evening out, or a successful business meal. Enjoyable food is part of the equation, but not enough by itself.



The relationship between product outcomes and success outcomes looks like this -

