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The Data-Driven Guide to User Retention

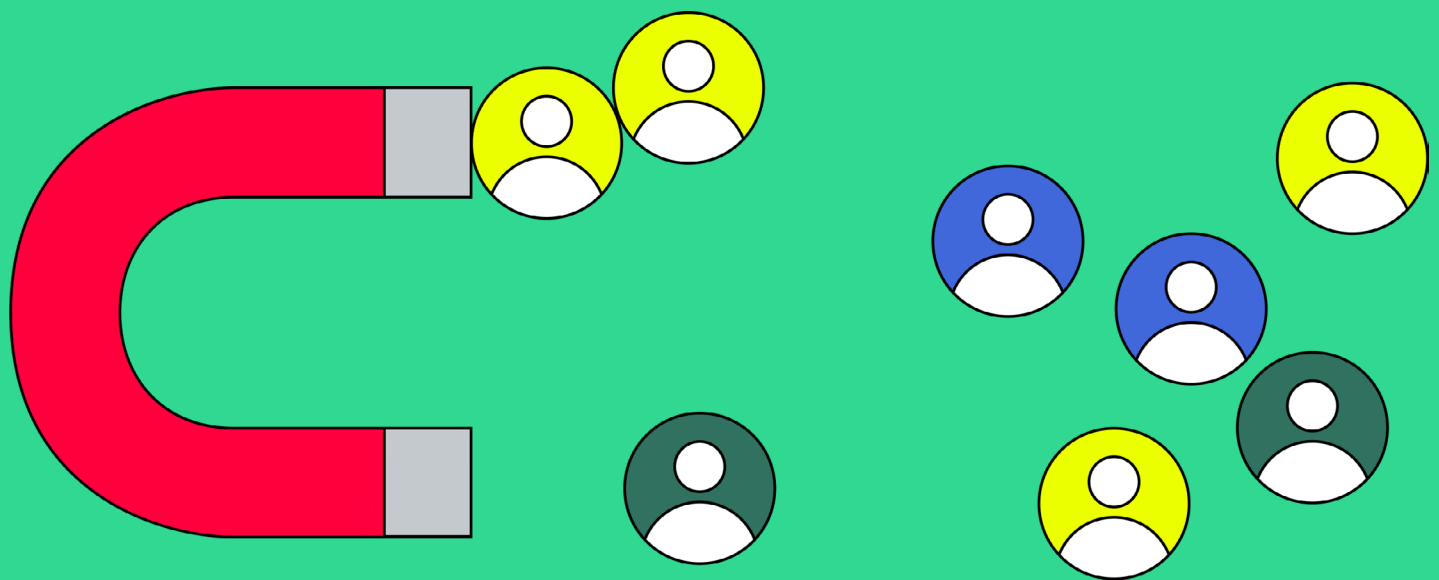A playbook for companies of all sizes

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Introduction

Welcome to a comprehensive guide to one of the most critical aspects of running a successful business: customer retention.

In an era of rapid technological advancements and fierce competition, keeping customers happy is no longer just a business objective, it's a strategic imperative. This guide will help lead digital product managers and marketers through the complex dance of understanding and mastering the art of customer retention. If you've been concerned about developing an effective retention strategy, this series is for you.

Customer Retention Matters Even More Than You Think

Customer retention is the lifeblood of any company, especially for SaaS enterprises. Retention goes beyond merely preventing churn. It's about building enduring relationships that transform casual users into loyal advocates. With subscription-based models becoming increasingly prevalent, the ability to retain customers will directly—and dramatically— impact your company's growth, revenue stability, and market positioning.

What You'll Learn:

Our series is designed as a comprehensive retention strategy roadmap, with worksheets to fit your particular business challenges. We'll take you through the most critical ways to use data in order to be sure you're building a smart, scalable retention motion.

Part 1: Establishing Active Usage Metrics

Understanding and measuring how users engage with your platform is key. We'll guide you through the process of establishing key metrics that actively reflect user interaction, setting the stage for a data-driven approach to retention strategy.

Part 2: Connecting Metrics to Revenue with a Metrics Tree

User metrics and revenue streams have a symbiotic relationship—make sure yours is a healthy one!

Part 3: Testing Your Ideas with an Impact Calculator

Effective retention strategies are born from experimentation and analysis. We'll show you how to iterate on strategies, assess their effectiveness, and make informed, data-driven decisions.

Part 4: Creating a Dashboard for Informed Decision-Making

This dashboard becomes your command center for translating metrics into actionable insights.

Part 5: Creating Operating Metrics for Scaled Customer Success

Learn how to discern the operating metrics that actually drive customer success initiatives at scale.

So join us on this data-driven journey as we unravel the complexities of customer retention. Whether you're a startup exploring the customer landscape, or an established enterprise looking to refine your strategies, our intention is that you'll come away with a strategic framework that not only enhances customer satisfaction, but also positively impacts the financial health of your business.

PART 1
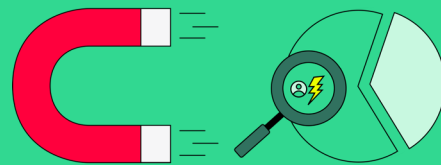
Identifying your Active Usage Metrics

Developing a smart retention motion involves taking a hypothesis-driven, iterative approach. Identifying your active usage metrics is the first step.

Why? Because before you can start figuring out how to make sure your customers are getting value, you have to make sure: **1) you can tell if and when users are getting value, and 2) you're able to track this reliably over time.**

Setting this up means discerning the behaviors that you want to see people doing on a regular basis.

The Goal: Figure out which actions, behaviors, and events in your product equate to value for your business.

Once you have your indicators defined, you can tie them to financial metrics, then figure out which metrics are leading indicators for retention. We'll discuss this in later posts

But before any of that, we have to define active usage. It's time to bring your team together and brainstorm—come up with some hypotheses, then gather data on them.

It's not only important to see what users do, you must also notice what they *stop doing*, because that can predict loss of interest, friction and abandonment.

The opposite of keeping customers is losing them, aka churn. Churn happens for various reasons—poor customer service, high prices, product issues, competition, changing customer needs, billing problems etc.

Your churned customers also have an important story to tell, but they're not going to call you on the phone. You have to look at the clues they left behind and piece it together. Then compare them with what your active customers are doing.

Part 1: How to identify active usage metrics

Let's do it! All you have to do is set aside a few hours with your team and follow the instructions. We've broken the process down into 7 easy steps, along with an accompanying worksheet you can print out.

Note also that this process doesn't have to be a workshop. If it's hard to get your team together, you can also do these activities async.

The Steps:
1. Brainstorm

Hypothesize: what signifies getting value in your product?

Put your team in a room and spend at least 10 minutes on this. Your goal is to come up with a **list of activities in your product that best capture getting value**.

Think about your users' needs, preferences, and pain points. What indicates that users are using your product in a way that benefits them?

At this point you can be general. Later you can figure out what specific events in your product correlated with these activities.

The specifics will vary according to the nature of your product, but here are some examples to get you thinking:

If your solution is a …	Appropriate actions might be
Team collaboration app	*Completing a process that brings in multiple stakeholders; setting up and executing a process template*
A/B Test app	*Running a test and sharing results*
Online billing app	*Sending and invoice and receiving payment*
Social media platform	*Posting updates, sharing images and videos, reading some number of other people's posts*
Collaboration tool	*Editing a document, sharing files*
Community site	*Interacting with user forums or discussions*
E-commerce site	*Completing a purchase*

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Go nuts!
Use a whiteboard or sticky notes and cover the walls.

At this point, there are no wrong answers. You can always whittle them down afterwards, but this is the place to get creative.

Brainstorm hot, edit cold!

2. Top 5
Arrange your list into a Top 5.

As a team, vote on the top 5. It doesn't matter so much how - you can run a multi-vote, put stickies on a whiteboard board, take an informal poll, or whatever works for your team. The goal is just to have a list of the main activities you want to drive people towards.

Examples:

1. *Create user profile*
2. *Submit payment information*
3. *View product tour video*

3. Define Behaviors
For each activity, write out the behaviors that define it.

Here's where it gets specific. For each of those top 5 activities, **what specific events in your product represent a user's (or team's) completing this activity?**

Is there a button that needs to be clicked, a form filled out, or a page viewed for you to know they've done the thing you were hoping they would do?

Examples:

Run a test and share results

    a. Click "Run test"
    b. Click "See Results"
    c. Click "Copy link to results"

Share a post

    A. Click "Post"
    *B. Upload a photo_*
    b. View a certain number of other posts

Edit and share a document

    a. Make suggestions on a document
    b. Click "share"

4. Figure Out Frequency and Persona

Ask yourself who needs to do what, and how often.

The next step is to go through these events and decide who should be doing them, and how often. Again, this will vary by product.

Which type of user should be taking this action?
Usage rates can vary greatly by persona. Executives may only log in occasionally, while you may want your power users to be logging in every day.

When thinking about retention, think about which users are most important. Which users are most likely to see your solution as necessary to their job? It's their actions you want to focus on.

How frequently should users be doing these activities?
This too will vary. Once you've figured out who your users are, think about how frequently you'd expect them to take this action. Again, the question is: what frequency best captures getting value from your solution? Or: what frequency is the minimum you'd expect to see to know that your solution is a key part of a user's workflow?

In Edtech, for example, you might want people to complete a weekly assignment. In a tax product, the frequency might be yearly. In social media, it might be hourly...or even by the minute!

Ok, got your personas and frequencies lined up? GREAT!

Now you have some strong candidates for active usage metrics.

5. Analyze Your Options

Now use your analytics tools to see which are most meaningful.

Ok, time to dig into the data. Fire up your analytics tool and start investigating.

First, take each candidate event. See how often those events take place. Then do some grouping to see how different customer types interact with your solution.

— *What are current customers doing differently than churned customers?*

— *What do your best customers do?*

— *What do the <u>worst</u> ones do?*

Look at the rate and frequency of all of these behaviors. Be sure to examine them by time period.

The goal here is to find *actionable differences* between groups. You want to start figuring out what event(s), at what frequency, correlate with ongoing usage.

Note that you don't have to find the exact answer now. You're just trying to isolate quality candidate events. These are your hypotheses about which event, performed by whom, and at what frequency, will most designate getting value from your product.

It's a great idea to create an <u>engagement matrix</u> to visualize the results. This is a simple quadrant graph that will let you gauge exactly where users land on the spectrum of interest. It shows how many users do an event, and the average number of times those users do it. You can use this type of chart for many purposes:

— Exploring your most and least-used features

— Measuring feature success across the board at a glance

— Seeing how engagement varies among segments (such as mobile vs. web users)

Here's a sample engagement matrix:
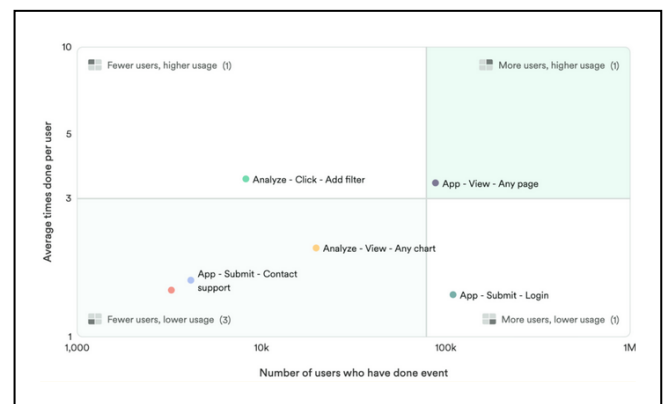
6. Choose

Decide on ONE metric that is your primary usage metric.

This will be the metric you use to determine whether people are getting value or not. (It doesn't mean you'll try to get people to ONLY do this action. Making other parts of the product easier to use may result in more people doing the desired thing.)

Hopefully, the data will reveal this for you. But if not, you may have to decide as a group. It may be a qualitative decision.

Again, this may not be the final metric, or frequency, you end up with. As with everything, you want to iterate over time. That said …

Once you have it, commit to it. Now you've got a North Star!

7. Share

Get a consensus. Ask outside your team.

Trust the data, and your gut—AND get second opinions, too.

Remember: As long as you're being creative with your ideas, then rigorous and methodical about testing them—including recognizing when hypotheses are wrong and changing directions as needed—you're doing this right.

Seven Steps to Nailing Your Key Usage Metrics

To be filled out at the end of the process
Our primary usage metric(s):

7 steps to identifying your key usage metrics

Step 1 - Brainstorm

Hypothesize: what signifies getting value in your product?

Put your team in a room and spend at least 10 minutes on this. Your goal is to come up with a **list of activities in your product that best capture getting value**. Think about your users' needs, preferences, and pain points. What indicates that users are using your product in a way that benefits them?

Add your ideas here:

Step 2 - Top 5

Take your ideas from Step 1 and come up with a top 5.

Our top 5 candidates:

1. _____

2. _____

3. _____

4. _____

5. _____

Step 3 - Define behaviors

For each of the candidates above, what are the behaviors that represent a user completing that activity?

Candidate 1:	Candidate 2:	Candidate 3:
_____	_____	_____
Behavior:	Behavior:	Behavior:
_____	_____	_____
_____	_____	_____

Candidate 4:	Candidate 5:	
_____	_____	
Behavior:	Behavior:	
_____	_____	
_____	_____	

Step 4 - Figure out frequency and persona
Ask yourself who needs to do what, and how often.

How *frequently* should users be doing these activities?

(By the minute, hour, day, week, month, year etc.)

Which *type* of user should be doing this?

(Casual, frequent, power, executive, etc.)

This user:	Should perform this event:	This often:

Step 5 - Analyze your options

Use your analytics tool to see which are most meaningful.

Take each metric and group them by customer type.

- *What do current customers do?*
- *What did churned customers do?*
- *What do your <u>best</u> customers do?*
- *What do the <u>worst</u> ones do?*

Look at the rate and frequency of all of these behaviors within a selected period of time.

Then create your <u>engagement matrix</u> to visualize the results.

Higher use **Fewer users**	**Higher use** **More users**
Lower use **Fewer users**	**Lower use** **More users**

Step 6 - Analyze your options

Decide on the ONE metric that is your primary usage metric.

If the data points you to a clear answer, great.

If not, decide as a group.

(Remember, users will do other things too! But this is what's MOST important.)

The key metric we will use to determine whether people are getting value or not:

_____

Step 7 - Share

Get a consensus. Ask outside your team.

Trust the data, and your gut—AND get those second opinions, too.

We will share with these individuals or teams:
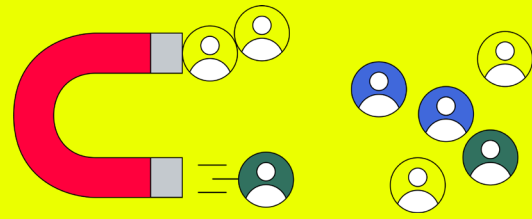
☐ _____

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PART 2

Connecting Activities to Revenue with a Metrics Tree

Now you've got your Primary Usage Metric. Good job!

Our next step is to connect them to your ultimate goal—revenue. The best way to accomplish this is to create a "Metrics Tree." In this section, we'll explain what a metrics tree is, and how to create them.

So, what the heck is a metrics tree?
It's a simple visual hierarchy, similar to a flow chart, that maps the relationships between your business KPIs. At a glance, you can see your #1 goal and a breakdown of all of the supporting (and resulting) metrics that influence it.

Why create metrics trees?
At bottom, *a metrics tree is your hypothesis about how the actions users take in your product or digital experience ladder up to overall business impact*. Without a metrics tree, it's difficult to understand

how different interventions in your product - changing a user flow, making a feature more obvious, even introducing a new set of features - might modify the overall success of the product, or produce the behaviors that lead to retention.

With a metrics tree, it's much easier to choose between different potential interventions. (We'll cover how to do that in the next post!) Or to understand which user behaviors tend to make money for the business, and how.

In essence, **a metrics tree lets you clearly see how different parts of your product impact your goals as a business**. And since this series is about retention, making a metrics tree is critical for making data-driven decisions about how to improve it.

Business Metric

Primary Usage Metric

Active Usage Metrics

Product Area Primary Metrics

Product Area Metrics

Breadth metric	Breadth metric	Breadth metric	Breadth metric	Breadth metric
Depth metric	Depth metric	Depth metric	Depth metric	Depth metric
Usability metric	Usability metric	Usability metric	Usability metric	Usability metric
Frequency metric	Frequency metric	Frequency metric	Frequency metric	Frequency metric
Sentiment metric	Sentiment metric	Sentiment metric	Sentiment metric	Sentiment metric

The three basic tiers to creating a metrics tree are:

1. Identify a critical outcome.
This is the star on top. This is typically a metric related to the business, such as revenue, cost, or margins.

2. Break this down into its component metrics. These are the branches. They tend to be product metrics like conversion, churn and adoption rates.

3. Reduce those component metrics into user actions in your product.
These are the leaves. (Or needles, since we've got you thinking of a holiday tree). These are actions that serve as the leading indicators of those product metrics, such as feature adoption, trial conversion, and referral rates.

In any case, done properly, everything will ladder up to the star on top of the tree. As simple as this metaphor is to understand, it can be tricky to get it right.

IMPORTANT:
Leading indicators will not always roll up neatly towards a ingle metric.

Sometimes your tree can have a gnarly trunk, with different metrics rolling up to multiple metrics above them. It can be tricky!

By putting together a metrics tree, you'll be set up to answer questions like:

— *Where are people relying on one feature, but ignoring others?*

— *Where are people using all of the available features, but not deeply?*

— *Which features are being overlooked entirely?*

— *Which of these things matter for overall revenue, whether that's retention, conversion, upsell, or something else?*

When you understand these, you'll know which features to work on to encourage users to take next steps.

Ok, let's dig in!

The Metrics Tree Workshop

As with the previous section, this doesn't have to be done as a workshop. You can do all of this work asynchronously, or spread across a few weeks. But a workshop can be a good motivation for getting a rough draft together.

As before, we've made a worksheet that can help. Or use this Google Doc - make a copy and use it with your team.
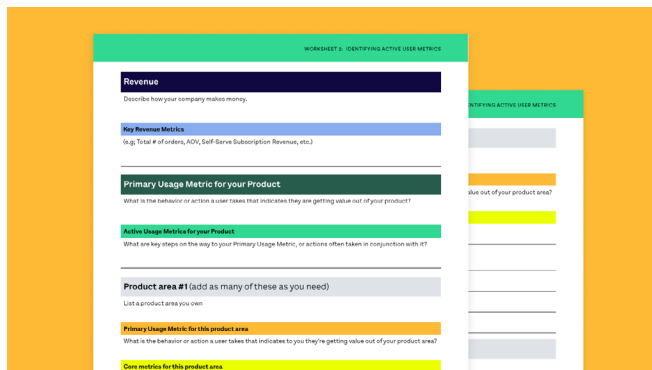
Your goal in this workshop:

Figure out the top three levels of your metrics tree, and come up with good hypotheses about the fourth and fifth levels.

How to do this:

We'll be doing this by going level by level. Let's start at the top!

Step 1: Revenue and where it comes from.

Simply put, describe how your company makes money.

— Single orders or subscriptions?

— Who pays you and how do they pay?

— What items do you sell, and what sells the best?

How granular you want to go is up to you. Since this series is about retention, the key metric you might want to put here is retention rate. What percentage of users stick around every year? How much do they pay to do so?

Step 2: The Primary Usage Metric for your product.

Hooray, you've done this already! (Haven't you?) These are the answers from the worksheet in Part 1.

Step 3: Figure out the Active Usage Metrics for the product as a whole

Time to do some more brainstorming! Here you want to come up with actions in your product that aren't your primary usage metric, but that are steps along the way to taking that action, or actions often taken in conjunction with that primary usage metric.

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For example, if your product is an audio app, the primary usage metric might be "time spent listening." But that's not the only metric that indicates activity in your product! Other ones might be artists searched for, playlists saved, or songs shared. These are other actions that indicate getting value. They're also potential sites of intervention: actions you might try to influence, knowing that they can influence your Primary Usage Metric.

Some other examples here:

If your product is an	Primary Usage metric might be	Active Usage metrics might be
Music streaming platform (e.g. 'Spotify)	Time spent listening	1. Increasing the frequency at which users return to the app 2. Increasing the amount of time spent listening per session
Financial services app (e.g., eTrade)	Customer transactions completed	1. Increasing the number of customers who connect an external account 2. Decreasing time required to complete a single transaction
Social media platform (e.g., LinkedIn)	Monthly active users	1. Increasing daily engagement with push notifications 2. Increasing the number of connections/links per user

Step 4: Figure out the Primary Usage Metric for your product area

Now it's time to get a little more specific. If you own a specific product area, you'll want to figure out the Primary Usage Metric for it. If needed you can repeat the workshop you went through in Part 1 of this series. Or you can do something a little more informal.

The main goal here is similar to that from Part 1: figure out what action most indicates getting value from your product area.

— *What behaviors or actions does a user take that indicates they are getting value?*

— *Which single behavior or action is the MOST impactful?*

Step 5: Leading Indicators of Value

We believe in the idea of 5 Core Metrics as main categories to measure in your product area. Here is where you start brainstorming again—the goal is to come up with metrics that capture each of these for each area in your product:

1. Breadth: How many people use your product?
Breadth considers the total number of users that you have, as well as the number of users per account. Look at adoption of your product and specific features in your product (for example, in how many accounts was a particular feature activated?)

Breadth = Number of current users ÷ number of potential users.

A subcomponent of breadth is **discoverability**—*are users actually finding the target feature? If not, you might consider changes that make the feature more discoverable, like in-app guides or a tour video.*

2. Depth: How much of your product are customers using? Depth is the number of product features or areas that are used by the average person or account. This describes the level of engagement that users have with all of the features that you offer.

Take Amazon for example. Basically, Amazon sells stuff, but people enter many deeper levels of engagement with product features like creating wish lists, reading recommendations, leaving reviews, etc.

3. Usability: Where can you streamline the experience?
Usability is the amount of effort it takes to get things done in your product. Sometimes measuring this can be as simple as tracking completion rate—are users able to successfully perform a task from start to finish?

4. Frequency: How often do users engage within a given time period? Frequency will tell you if your product or feature is providing repeatable value for users— and whether you're likely to retain them. Is your tool something that users can't live without?

Frequency is often overshadowed by activation as a leading indicator of retention, but it's the best measure of how likely users are to keep coming back.

5. Sentiment: How do users really feel about the product experience? Some things about customers can't be expressed in numbers. With sentiment, there's more to the story than the data can tell you. For example, a product may sell well, but that doesn't necessarily indicate users are happy and enjoy using it.

Whooo! That's a lot to take in.

But we're going to make it simple to execute on the attached worksheet.

Now you have a metrics tree for your area of concentration.

This is great! You can see which levers you can move to influence retention. You can also see which actions have the greatest impact, and—most importantly—how they affect other motions. You can still hypothesize about activities that may get people to stick around, but now you can know *if* those hypotheses are working, and *why*.

In the next post, we'll talk about how to predict the relative impact of different interventions at the bottom of the tree.

This is how you put data to work informing your retention efforts!

Revenue

Describe how your company makes money.

Key Revenue Metrics

(e.g; Total # of orders, AOV, Self-Serve Subscription Revenue, etc.)

Primary Usage Metric for your Product

What is the behavior or action a user takes that indicates they are getting value out of your product?

Active Usage Metrics for your Product

What are key steps on the way to your Primary Usage Metric, or actions often taken in conjunction with it?

Product area #1 (add as many of these as you need)

List a product area you own

Primary Usage Metric for this product area

What is the behavior or action a user takes that indicates to you they're getting value out of your product area?

Core metrics for this product area

Breadth (How many users have used this product area?)	
Depth (Within a product area, how many features, sub-features, or workflows are users interacting with?)	
Usability (What percentage of your new users are completing your activation flow?)	
Frequency (How often do users engage with your product area?)	
Sentiment (What qualitative data do you have for the product area?)	

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Product area #2 (add as many of these as you need)

List a product area you own

Primary Usage Metric for this product area

What is the behavior or action a user takes that indicates to you they're getting value out of your product area?

Core metrics for this product area

Breadth (How many users have used this product area?)	
Depth (Within a product area, how many features, sub-features, or workflows are users interacting with?)	
Usability (What percentage of your new users are completing your activation flow?)	
Frequency (How often do users engage with your product area?)	
Sentiment (What qualitative data do you have for the product area?)	

Product area #3 (add as many of these as you need)

List a product area you own

Primary Usage Metric for this product area

What is the behavior or action a user takes that indicates to you they're getting value out of your product area?

Core metrics for this product area

|	
Breadth (How many users have used this product area?)	
Depth (Within a product area, how many features, sub-features, or workflows are users interacting with?)	
Usability (What percentage of your new users are completing your activation flow?)	
Frequency (How often do users engage with your product area?)	
Sentiment (What qualitative data do you have for the product area?)	

PART 3

How to test the strength of your ideas with an Impact Calculator
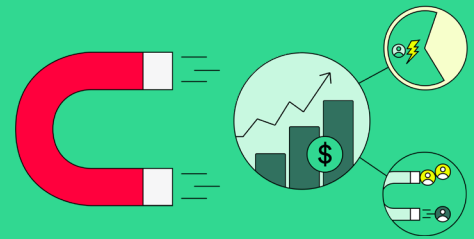
Today, our next step is to figure out what kinds of interventions will make the biggest difference. In the past, you would have just guessed at this randomly. But there are smarter ways to improve your accuracy! At Heap, we use this Impact Calculator. It's a simple tool for quickly understanding the potential impact of any project so you can compare the value of different initiatives you're considering.

PRO TIP: This is also a great exercise for making sure you're tracking all your metrics, both general and local.

As a PM, you have difficult choices to make!

These days, everything is about the business impact. When faced with the prospect of moving the needle on important topics like revenue and retention, PMs are typically overwhelmed (and even strong-armed) with suggestions and requests on what paths they should pursue. But you only have so much time, energy and budget at your disposal, so it's critical to know how to evaluate the best choices in order to invest their team's time and energy.

Our goal for you: To have hypotheses at the ready about which interventions will move the needle most effectively and efficiently for the greatest ROI.

There are two main questions that you need to ask:

1. "If we make a specific change, how many users will be exposed to it?"

2. "How much will that change impact our users' behavior?"

Imagine the advantages if you could answer these questions before taking on a project.

— *What approaches would seem most profitable?*

— *What adventurous new steps might you take?*

— *What old tactics would you abandon?*

— *What new ideas might light up in your team's imaginations?*

Meet your new favorite tool: The Impact Calculator

Very simply, impact calculators assess the potential rewards and consequences of different actions and scenarios. Decision makers can now make informed choices about optimizing resources by

understanding the risks and benefits associated with various decisions.

In our application, the Impact Calculator evaluates your ideas for changes in a user flow by measuring their effect on a higher-level KPI. You start by analyzing the current baseline measurements for your flow, and then predict how your proposed changes will impact those baseline measurements. The calculator does this by tracking how the two most important functions of the change will affect the baseline metrics.

There are many ways to move a metric, but the success of any initiative at improving a KPI ultimately depends on these key factors—**Scope** and **Magnitude**.

Scope = Scale of the *audience*.

An improvement that impacts 1,000 users will move the overall KPI more than a similar improvement that only impacts 100 users. Makes sense, right? In general, the larger the audience, the better.

Magnitude = Scale of the action.

An improvement that impacts the user experience more deeply and meaningfully will make a larger impact. It sounds obvious, but every PM has encountered proposals for changes that minimally affect the user experience, but are presented as something that will make a significant impact, like color changes and button placements. Will that be true?

The Impact Calculator has three basic components:

1. Baseline metrics for the overall experience.

2. Baseline metrics for the part of the experience you wish to change.

3. Estimated guess for the new rate.

Here's how you can use it to further what we've been developing together in this series:

1. Start with your metrics tree. What have you identified as most important?

2. Now let's look at either the **core metrics** (breadth, depth, etc) or the **active usage metrics** for your product. What you choose will depend on the size of your product, your product area, etc.

3. Brainstorm potential ways to move these metrics!

There are lots of things to think about here. They can be tiny and incremental or a whole new approach. You don't have to assume that minor change = minor impact. Remember, that's what the calculator is for!

What are some of the approaches you can try?

— *Send more emails.*

— *Alter flows in the product.*

— *Change messaging in the product.*

— *Add more push notifications.*

— *Make a tour video*

Just like your other brainstorming efforts, the sky's the limit! Go nuts here.

4. Now you have a list of great ideas. It's time to take the most promising ones and run them through the calculator!

NOTE: You will be doing this more than once! The calculator is simply a way to call attention to your most viable ideas and weed out your least viable approaches.

An example:

Let's look at a hypothetical situation and see how the team might use an Impact Calculator to determine which intervention they should attempt.

> **You're looking at an overall retention rate of 80%.**
>
> **You have 10,000 customers.**

Instead of changing notifications in the product to nudge people to use a certain feature, you're considering sending an email campaign to a select group of people.

Let's imagine that 500 people will receive the email campaign, and 1000 will see the nudge in the product.

> **Of those 500, the overall retention rate is 40%.**
>
> **Of those 1000, the retention rate is 60%**

(You should know this from either your Heap data, or from your Marketo data, or wherever you pull data from.)

For the last step of the Impact Calculator, you'll need to make an educated guess.

So you make these hypotheses:

> **With the group of 500, you can raise the retention rate from 40% to 55%**
>
> **And with the group of 1000, you can raise the retention rate from 60% to 65%.**

You can base this assumption on prior experiments and your product knowledge. (When in doubt, it's best to be conservative with your estimate.) You can also try different values to see how sensitive your outcome is to the assumptions you are making.

Using the calculator, you can see **the overall increase is 0.45% vs 0.2%. It makes more sense to implement the email campaign.**

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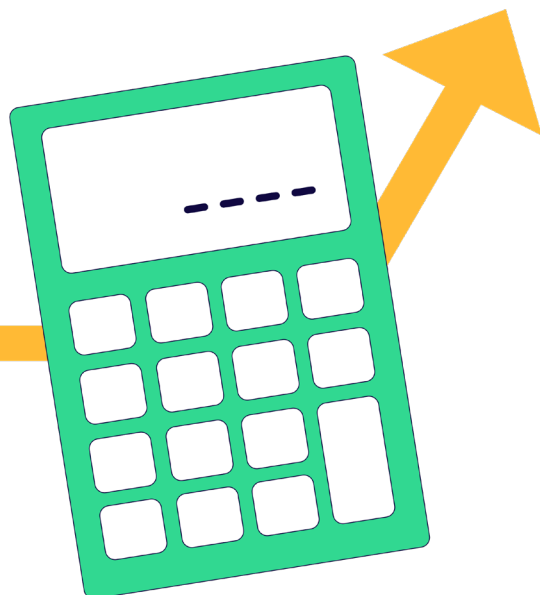
Some Caveats

As a good PM, you know there are an infinite amount of changes you can make to a digital experience. So don't just settle on your first idea. Come up with many approaches, make new estimates, and see which idea performs best. Accuracy through volume is a good approach here!

Some caveats to keep in mind as you execute this part of the process:

You're always making *estimates* of what you think the change in retention rate will be. Feel free to be flexible with your numbers and see how they compute.

You may receive a directional signal instead of a definitive answer. But that in itself can be super useful!

The overarching goal is just to be smart about what you're doing. Build the habit of paying attention to your markers, and notice what they mean.

Use the Impact Calculator to measure the difference in performance between your ideas so you can make the best investment in terms of not only capital but your team's time, energy, focus and motivation.

Collect your measurements in advance, make hypotheses, and see what works! And have fun with this and push your boundaries, because at this stage there's no risk to getting anything wrong.

PART 4

How to prioritize your book of business engagements and interventions
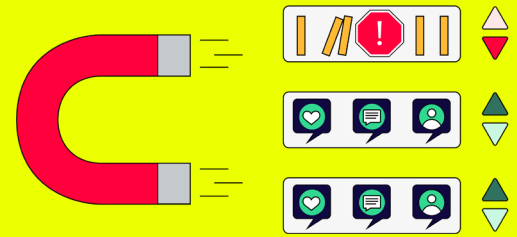
In this section, we'll discuss ways to apply your collections and calculations to your accounts. We'll show you how to create a dashboard and use this information to figure out who needs help.

The process involves aggregating the metrics from your metrics tree at the appropriate levels. Then we'll give you suggestions for next steps, and show you how to activate them.

When you have a fully-managed book of business, it's important to know where to direct your attention. So how do

success managers and team leaders know which accounts are satisfied, and which accounts are starving for attention? You need a system that lets you discover:

— *Who needs help?*

— *Who needs the most help?*

— *How do we know what key danger moments are?*

— *What are the next steps we should take?*

How to get a birds-eye view into what's really going on in your accounts:

At this point, you've defined your metrics. Now you need to source the data to calculate those metrics.

Step 1: Get all the data in one place.

You'll need to aggregate all the data in the same place so you can perform these calculations. This could be via a data warehouse like Snowflake, a BI tool sitting on top of a data warehouse, or even an independent BI tool.

Step 2: Discover your join keys.

Why do join keys matter? **Because the goal for you is to figure out how different metrics intersect.** Your join keys are the points that signify where you'll want to dive deeper into the information. Think about the top 3 to 5 metrics from your metrics tree that drive the success of your accounts.

> **For example:**
>
> Let's say an acceptable result is when at least 55% of your accounts fulfill your chosen metrics.
>
> That means there are two important questions to investigate:
>
> — *Which accounts are >55%?*
> — *Which accounts are <55%?*

If you want to be able to drill into those accounts, you'll need to be able to discern which ones actually need help.

Step 3: Drill down through the hierarchy.

At the highest levels of the business, there are one or more management hierarchies. You need to build those

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What Are Join Keys?

Join keys are fields or columns in a relational database that are used to establish a link between two tables. Combining data from multiple tables in a database query is a join operation, and the join keys are the columns used to match rows between the tables. They establish relationships between tables and enable retrieval of meaningful and consolidated information from multiple sources.

---

management layers to have this drill-down capability in your dashboard.

The typical levels in a Saas organization are:

The portfolio
Your entire company:
all products and services

↓

Management layers
How is your business organized?
Which people actually make which decisions?
Which people are assigned to which accounts?

↓

Individual product lines
Web properties
Mobile properties

↓

Go To Market entities (GTM)
Segments (such as enterprise versus SMB, etc)

↓

People assigned to accounts.
Who are the leaders responsible for each account?
Who are the team members and what piece do they own?

Let's say the metric you care about is monthly active users (MAU).

The threshold for healthy adoption is that you have 10 monthly active users, and half of your accounts meet that threshold....which means the other half don't.

Step 4: Build a strategy

To begin your strategy, the immediate question you want to answer is, "How many of those accounts are below threshold?" Then, it would be smart to look for trends that tell you which segment in the business, or which slice of the business is the healthiest, versus the least healthy. You want to become aware of which accounts to dedicate your time to.

Usually noisy accounts GET attention, but silent accounts NEED attention.

They say the squeaky wheel gets the grease, but the accounts that you don't hear from are the accounts that you're not even thinking about. These are the ones that will churn at a disproportionately higher rate—probably even higher than the noisy accounts will.

There's a common sense to this, like we see with the 80/20 rule. But it's often difficult to identify exactly why accounts are unhealthy, let alone to create a scorecard. You may decide to add new KPIs that look at how well accounts are being managed:

— *When was the last time we talked to them?*

— *Do they typically reach out to us, or vice versa?*

— *Are they engaging with our customer help features?*

Perhaps this wasn't even part of the original list of KPIs for your product, but this cockpit view tells you that it should be.

What the CSM scorecard looks like, organized by account:

CSM Metrics Overview - Account Level

| Company Name	CSM Metrics Group	Renewal Quarter	CSM Sentiment	Has Success Plan	ARR	Days Since Last SP Update	Days Since Last EBR	Days Since Last EB Activity	Days Since Last Champ Activity	Days Since Last Exec Heap Meeting	Total Open New Arr	Number of Wins Past Yr	Adoption Health Score	Num Products Adopted
	Commercial > 100K	2026 - Q2	Green	Yes	$120,036	489	398	65	68		$0		6	2
	Strategic	2024 - Q4	Green	Yes	$63,000	288		170	41		$75,000	1	0
	Commercial < 100K	2024 - Q4	Yellow	No	$61,600			12	12		$0		5	3
	Enterprise	2025 - Q1	Green	Yes	$70,800	280	103	280	244		$0		8	1
	Commercial < 100K	2026 - Q1	Yellow	Yes	$69,930	231	231	2	15	313	$0		9	1
	Commercial < 100K	2026 - Q1	Yellow	Yes	$55,400		93	51	16	93	$0		7	2
	Commercial < 100K	2026 - Q2	Green	Yes	$34,762		253	8	8		$0		8	2
	Strategic	2025 - Q3	Green	Yes	$495,187	57	57	8	442	651	$40,000		10	4
	Commercial < 100K	2024 - Q3	Yellow	Yes	$37,500				19		$15,000		9	1
	Commercial > 100K	2026 - Q3	Green	Yes	$147,600			467	194		$0		9	4
	Commercial < 100K	2024 - Q3	Green	Yes	$70,000			460			$0		9	3
	Commercial < 100K	2024 - Q4	Yellow	Yes	$65,000	104	104	2	132	68	$0		9	2
	Commercial > 100K	2024 - Q3	Green	Yes	$144,770			238	161		$47,362		7	2
	Commercial > 100K	2024 - Q3	Yellow	Yes	$161,200		33	35	2		$25,000		9	4
	Commercial < 100K	2026 - Q2	Green	Yes	$85,500		140	294	41		$0		9	3
	Strategic	2024 - Q4	Green	Yes	$49,846	181			21		$0		5	2
	Enterprise	2025 - Q4	Yellow	No	$36,000			99	99		$0		3	0
	Commercial > 100K	2024 - Q3	Yellow	No	$150,000			639	56		$25,000		9	2

A scorecard view of all the customers, side-by-side with your key metrics. Adding a red-yellow-green highlight relative to the threshold is a great idea as well.

What the Manager's scorecard looks like, organized by CSM:

CSM Manager Metrics Overview

Customer Success Manager	Total # of Accounts	% Accounts with Success Plan	% Accounts with SP Updated	% Accounts w/ EBR Past 180 Days	Last EB Activity Past 90 Days	Last Champion Activity Past 90 Days	Heap Exec Meeting Past 180 Days	% Accounts with Open ARR	% Accounts with Win in Past Year	% Accounts Adoption Score > 8	Avg. Adoption Health Score	Avg. Num Products Adopted
	21	90%	5%	33%	33%	67%	43%	29%	0%	52%	7.06	2.6
	56	43%	4%	4%	25%	18%	11%	13%	0%	38%	5.83	1.4
	38	68%	11%	18%	18%	50%	8%	16%	8%	58%	7.72	2.4
	43	58%	14%	7%	37%	26%	23%	16%	2%	49%	6.91	2.3
	39	59%	15%	15%	21%	46%	13%	21%	10%	46%	6.98	2.1
	24	54%	4%	21%	13%	17%	0%	13%	0%	42%	7.19	2.0
	38	68%	18%	26%	32%	34%	32%	8%	0%	26%	6.62	2.1
	1	0%	0%	0%	0%	0%	0%	0%	0%	0%	7.80	1.0
	4	50%	0%	25%	50%	0%	0%	0%	0%	25%	6.28	2.5
	30	90%	13%	7%	27%	50%	33%	27%	3%	77%	8.46	2.5
	19	100%	16%	32%	58%	84%	53%	47%	53%	42%	7.36	2.7
	1	100%	0%	0%	0%	0%	0%	0%	0%	0%	1.50	2.0
	47	79%	15%	26%	32%	60%	11%	23%	2%	51%	7.49	2.2
	48	92%	46%	56%	33%	54%	15%	33%	4%	48%	6.65	1.9

As you develop this dashboard, you can bring in all of the customers' names. Then across the columns you'll see your 5 to 10 most important metrics, with RYG highlighting so you can tell if they are moving in a positive direction or not.

Heap
by Contentsquare

Here's what a full account health dashboard looks like in Heap:
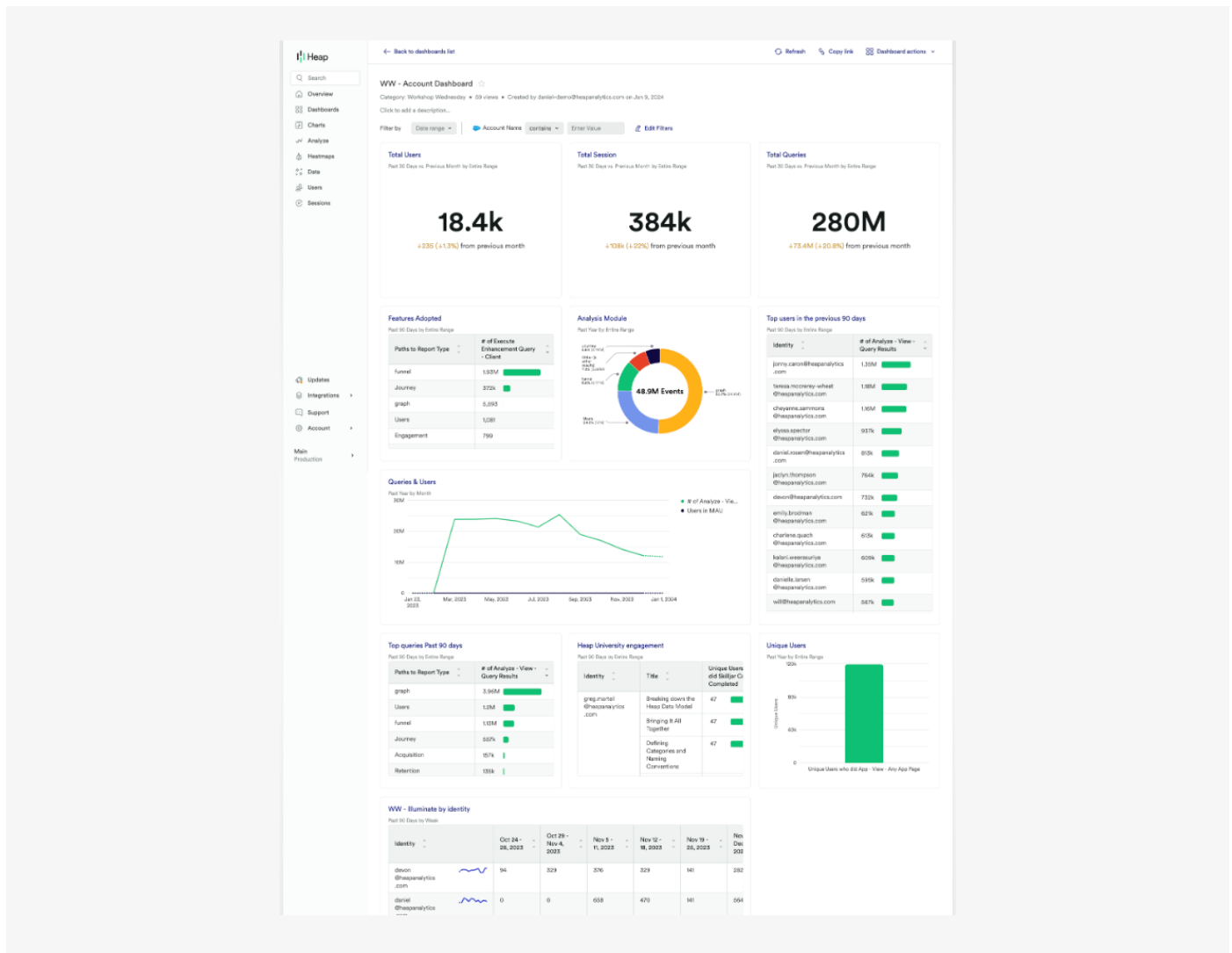
Now you're able to easily look each account up, down and sideways and notice, "OMG! This account has gone very red across all of these metrics." Remedying that account's status items becomes a high priority. Another account may be very green on some, but very red on others. And others might be mostly green and doing just fine. As an account manager, this will help you prioritize where to take first actions, and what those actions might be.

Can you see how setting up a dashboard like this would be hugely helpful to the success of your products, teams and entire business?

PART 5
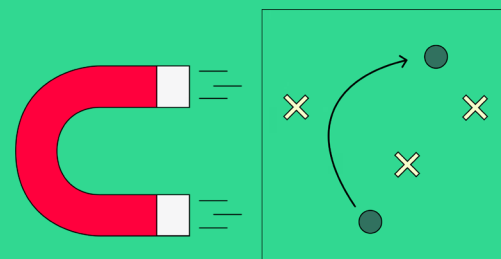
How to Create Operating Metrics for Scaled Customer Success

Scaled Customer Success is all about creating a one-to-many motion that provides guidance and personalization to a large segment of customers, without lots of hand-holding. (This most frequently applies to smaller accounts, but not always.) A successful Scaled CS motion involves strategically-designed emails, in-app guides, community posts, and similar automated interventions. Even though these don't involve a Customer Success Manager reaching out, it feels like information designed for that customer, calibrated to where they are in their customer journey.

If you want to be data-informed in your Scaled CS motions, you first need to set up the right metrics to track. Here's you how to do that.

Your key metric = sustained use of your product.

Of all the many things you could measure, the most crucial is **product usage:** How well did your Scaled programs influence your users to adopt the product? At every SaaS company, the golden road to retention is product adoption. This is the metric that matters to the success of your business, therefore it's the needle you should try to move.

To create a powerful usage metric, you first need to figure out the most basic action the user is doing in your product to get value. In the case of Heap, this action is "*viewing a chart.*" Almost every use case involves doing this action, so it's our most generalized way to see the user is getting value.

My team measures usage at the user level and at the account level:

— **"Week 0 Chart Rate"**: Of all the *users* who click on our campaigns, what percentage of them *view a chart* within 1 week of clicking on the campaign? (i.e. Did we get them to immediately change their behavior?)

— **"Month 1 Chart Rate"**: Of all the *users* who click on our campaigns, what percentage of them *view a chart* 1 month after clicking on the campaign? (i.e. How well did the behavior change stick longer-term?)

— **"Influence on low-WAU accounts"**: Of all the accounts with less than 4 weekly active users (WAUs), at what percentage of accounts were we able to influence at least 1 user to *view a chart*? (We're very interested in increasing usage at accounts with less than 4 WAUs because our data shows that 4 WAUs is an inflection point in likelihood to renew.)

These are the metrics that my team works to move each quarter, and on which my success is measured every quarter.

Staying laser-focused on lifting usage will change the way you design campaigns.

Because our goal is to make it easy for them to actually *view a chart* in the product, my team works hard to entice users to take action in the product in as few clicks as possible.

Most of the time, we find it's much more effective for our campaign CTAs (calls to action) to push users directly into the product UI and give them a walkthrough using Appcues, rather than having the CTA direct them to documentation or educational videos. Remember, we don't just care that they *clicked* from the email or in-app guide; we care that they made it all the way to *viewing a chart*.

See how crucial it is to use the metric that will truly impact the business? Unfortunately, it's much easier said than done. Most Scaled CS teams end up measuring less-important metrics. To avoid this sad fate, you need to steer clear of these 5 "gotchas":

The 5 "gotchas" of Scaled CS
1. Only measuring campaign engagement

Most teams over-rotate on tracking campaign engagement: open and click rates. It's tempting to track these, because they're easy metrics to pull out of your email send platform (such as Marketo) or your digital adoption platform (such as Appcues).
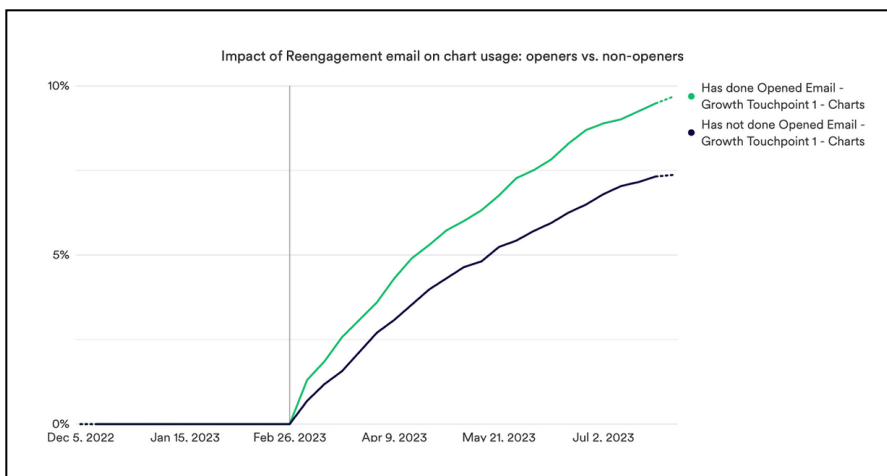
Click rates and open rates are good directional metrics to help you see whether your message is resonating, whether your subject line is strong, and whether your campaign ideas are moving in the right direction. But they're not enough – the bottom line is that a customer won't stay with your product just because they've clicked on a nice email. A customer will retain when they're *consistently using the product*.

2. Only tracking clicks on UTM codes

Many Scaled CS teams imitate what Demand Generation teams do – they embed UTM codes in their CTA links, and then they measure how many users made it to the targeted landing page containing those UTM codes. This is a very direct way to measure influence.

But that might not be the full story of your campaigns' influence – as the chart below shows, we have found that our emails can influence users who never clicked or even opened the emails, especially in lapsed accounts. These users had all been completely inactive (0 chart views) for 90 days, and then when we sent them a reengagement email, the clickers were influenced the most to *view charts*, and then the openers were influenced the next-most, but users who only had the emails delivered still had a big lift in the *chart view* rate!

TLDR -- we're influencing a lot of lapsed users to suddenly come back into the product right after they get the email, but clicks on UTM rates aren't showing that full picture. I really recommend that you run similar analyses for your campaigns to see the influence of email deliveries or in-app guide appearances, *even if the users do not engage with the campaign at all*.

Impact of Reengagement email on chart usage: openers vs. non-openers

Has done Opened Email - Growth Touchpoint 1 - Charts
Has not done Opened Email - Growth Touchpoint 1 - Charts

3. Just measuring adoption for individual product launches

Ah yes, product launches. Every PM thinks their launch is the best thing ever, and they want to have a separate campaign for it.
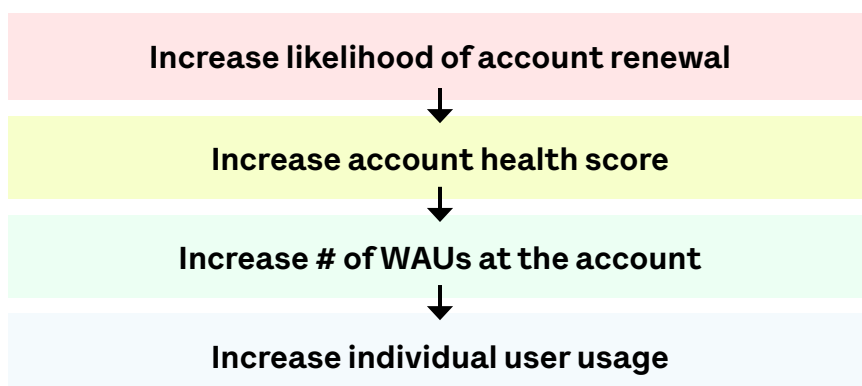
You will be tempted to only measure awareness or adoption of that one feature as your key metric of success that quarter. **But remember, your goal is to increase overall usage, not just usage of that one feature. Your users already know you have a product!** What they care about is reducing their own friction getting their jobs done. So your emphasis should be on adding more value, not on blasting every single feature release to every user.

4. Reporting your impact on the user level

We all know that we can only influence individual human beings to take specific actions (in this case, using your product). So you may be tempted to only report the way individual users have been influenced by your campaigns.

But the cold-blooded truth is that none of your executives care what individual users do. (Sorry.) They only care about account renewal rates.

So when you're reporting up, you need to show how increasing individual usage *ladders up* to account renewal, like this:

Increase likelihood of account renewal

↓

Increase account health score

↓

Increase # of WAUs at the account

↓

Increase individual user usage

Start by educating your executives about how individual usage eads to account renewal. Then they will respond well when you report to them about accounts where you were able to influence at least 1 user to take action.

Like this: "This campaign influenced at least 1 user in 10% of our accounts to be active in the tool this 4 weeks in a row, which increases these accounts' likelihood to renew by 3%." Or, "We found that low-WAU accounts that had at least 1 user receive this email have a 1.3-point increase in account health score, compared to accounts that did *not* receive this email."

Now you're proving that your campaigns are directly impacting renewal rate, and therefore directly impacting revenue. *That*'s what executives care about.

5. Only measuring accounts up for renewal this quarter

Your execs will likely ask for a report on how you've impacted accounts that are up for renewal *this quarter*. That's fine, you can create a report filter to give them that information. But that's not the full picture!

If you're truly an account retention maven, you should educate your execs that the final quarter of the contract is generally too late to significantly sway the account's usage. You need to be increasing usage rates early and often in each account's lifecycle. Therefore, you should show stats on how you're influencing every account's likelihood of renewal, at every stage in their lifecycle.

Declaring product usage as your key metric will help you prioritize the highest-ROI initiatives. Follow the steps above and you'll be sure to stay focused and truly move the needle on customer retention.

Conclusion

Today, everyone from the C-suite on down has retention on their minds. With the tech economy slowing down and companies tightening their belts, it's never been more important to keep your customers happy.

We hope this book gives you plenty of actionable guidance for building a retention strategy that truly works.

We're always up for feedback! If you have thoughts, comments, or ideas, please reach out to us at heap.io.

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Learn more about how Heap can give your team the insights that drive business results.

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