



**CONVERSATIONS
WITH THE CCO:**
*Balancing Cost and
Relationship*

Hosted by Curtis N. Bingham

Featuring Jay Topper
SVP Customer Success
Rosetta Stone

**CHIEF CUSTOMER OFFICER
COUNCIL**



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**Hosted by Curtis N. Bingham
Founder and Executive Director
Chief Customer Officer Council
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Conversations with the CCO is a web-based, live Q&A series hosted by the Chief Customer Officer Council that features some of the most forward-thinking and successful CCOs in the world speaking candidly about best practices and challenges in driving customer centricity. To learn more and to view past Conversations, visit www.ccocouncil.org

In this excerpt from my conversation with Jay Topper – Rosetta Stone’s SVP of Customer Success at the time of our interview – we talked about the challenge of achieving balance between cost and customer relationship goals, which are often largely in opposition to each other. Jay’s background as CIO uniquely prepared him to be able to drive the change necessary for the organization to become more relationship-oriented. As the head of what became the largest department in the company, his time was spent bringing the voice of the customer into marketing and product development, while also being responsible for converting leads into sales in Rosetta’s sales call centers and driving renewal and retention.

PORTRAIT OF A CCO

Company Profile: Leading provider of language-learning software based in Arlington, VA.

Title: SVP Customer Success

Tenure: 2009 - 2012

Accountabilities: Customer Success organization including the support departments, language-learning coaches and the customer success team.

Curtis Bingham: How did the Customer Success group become the largest in the company?

JT: We were fragmented across the organization to begin

with, so my peers and I had to agree which groups belonged with me. I'm not a top-down guy so had to convince people and just trust that it would come together, and it did. But the other half is natural

growth. There are customers who use our product like crazy, especially the live components. We are continually adding native-speaking coaches to provide the tutoring sessions across the 24



language groups we offer. In fact, I'm in New York right now doing casting calls all day for more coaches.

CB: What are some of the top two to three things that you're held accountable for day-to-day and month-to-month?

JT: Our department's number one mission and the metric that everyone is most interested in is 'happy usage'. Usage is king. It's kind of cool because usage costs us money, as we pay and train hundreds and hundreds of coaches. We used to be more of a one-and-done retail company, whereas now we're vested in customer success and that relationship. We are still struggling through that, obviously, with

marketing budgets, and the expectation is that I bring those costs down with renewals and repeat purchases, with the ultimate goal of being completely self-funded.

CB: What does it mean to you to become a relationship company?

JT: Simple definition, hard execution. For 18 years, the customer would buy and we never knew about them again as we didn't track usage. We sent surveys out and we had high satisfaction, but the focus was the language-learning journey. We didn't have much more to offer. Now, this department has been created to do nothing but manage that relationship. We want to know what language you are learning

happy usage and continue on. At the end of day, if someone is going to Italy for business and they come back with a story that they spent 50 hours in Rosetta Stone and this is what it did for them, that's our end game. Our cost of acquisition goes down as our word-of-mouth marketing goes up, and we get farther away from direct marketing's one-and-done mentality.

CB: That's a fantastic position to be in, one that many CCOs would be very envious of because, so often, people are entrenched in position and resist the perceived loss of power or influence and will not divide up the pieces of their organization without the CEO's intervention.

JT: It is fantastic, but it doesn't mean I have less business anxiety or pressure. Now I have to optimize relationships and influence my peers and vice versa to continue moving forward. All of a sudden I have responsibilities for revenue. If I need their help, it's not just being noisy. It's now saying, "Look, if you do this, we can get three more million dollars with the revenue. Here's the case." The pressures are more sophisticated than just putting an organization together, answering

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growing pains. Happy usage is a huge expectation—I am tasked with continually increasing the average usage per person, and user segmentation. The second area of accountability is cost control. A good portion of our costs are in the sales and

and why, the type of communication you like, your age and gender, and whether you're an introvert or extrovert. The more information we get from you either inside or outside the product, the more we can cater and tailor messaging that will stimulate



the phone and having high satisfaction.

CB: Your goal is to drive usage, which drives a variable cost. Most companies are trying their hardest to reduce or eliminate variable cost. Do you find that cost control runs counter to this notion of becoming a relationship company?

JT: No, I don't. I'm in a bizarre place where they're in absolute simpatico, and I'll give you an example. The concept of somebody picking up the phone and calling into our department is something that became part of our legacy six months ago. I didn't find value in that anymore. If, on the other hand, someone posts on our Facebook page or support portal—which we've rebranded and made very engaging, fun and happy—or launches chat from inside the product, we track whether or not they are having a positive experience. We found that usage will go up in tandem with a positive digital support or success experience outside the product. It is a lot cheaper than the phone call, cost of the agent, and license for CRM software. We have a revenue component where we think of renewals and upgrades and resells, and, in some cases,

even paid-for support that we didn't have before. Then, there's cost base and efficiency in terms of scheduling coaches. We're doing thousands of live sessions every day, carving 50 cents off of 2000 sessions a day. As those grow to 10,000 sessions a day, it has a material impact on the bottom line. We still have a lot of ground to cover to come up with innovative ways to engage with our customer that increases satisfaction and engagement while driving down cost.

CB: Do you think that the increased focus on cost control as companies grow is in conflict with the desire to create this customer experience? Can it become an obstacle in creating a solid customer experience?

JT: It could, and I think it's a great point. I feel it's an advantage. I spent 15 years as a CIO, serving CFOs by putting in systems, processes, and methods to do

things less expensively and more efficiently in order to make stakeholders happy. That's what I lived for. I'm simpatico with the CFO, CIO and the chief product officer because of being a CIO first. For someone to come in off the street, it would be a real challenge to cut costs or add revenue to displace those costs. It's easy to just pay people less or offer less hours of support. If you are not integrating a sense of customer importance across everything you do, that can be problem. The fact is that I can sit there and influence but I don't always get what I want. I could drive usage up like crazy otherwise. Maybe Apple and other companies went too far in one direction or the other, the cost-cutting side. If you don't watch for that balance, you could end up erring on either side.

CB: That's a fantastic position to be in. What stars aligned to create that balance at Rosetta Stone?

JT: Personally, it's twofold and I'll go in reverse order and say that I'm maniacally focused on balance.

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things less expensively and more efficiently in order to make stakeholders happy. That's what I

When people ask what keeps me up at night, it's not cost or renewal or usage; my anxiety is maintaining



balance. We could drop everything we're doing for the customer and go out of business or we could drop everything we're doing to save money and go out of business.

technology for the sake of technology. You can't have that in any department. It has to all come together where the numbers make sense, as well as your culture and morale and the other less tangible

being adamant that there's no way we can change that model and start charging people for traditional technical and product support instead of saying, "Hey, you have to use chat; you have to use email; you have to use our portal. Your phone call is going to cost money." Apple has done that for a long time. But that was hard and I think that's the type of openness we have right now in Rosetta Stone.

"I don't want the ego or voice of the customer to become so strong where we have to make those business decisions, nor do I want it to become so weak that we have problems. I walk that line every day of my life."

The second part is that I have an organization—my peers and the CEO, both the previous and certainly the current one have been very focused on the customer which I'm so happy about—and all are simpatico with maintaining that balance as well. It starts with the culture and the management team. The very creation of this department came from that peer base.

CB: Often, people believe that the chief customer officer should be strictly a chief customer advocate, which is not necessarily true because the customer, clearly, is not always right. If we did exactly what the customer wanted, we would go out of business in a real hurry.

JT: As a CIO, it used to drive me crazy even in my own department when they were focused on

components. You have to be able to step outside yourself.

As an example, about six months ago we told customers if you bought our CD product and you were online, after a year, you'd get phone support forever; but if you bought our CD and didn't go online, after a year, you'd have to pay for product support or upgrades. That was really hard for us; we didn't want to do it. There were auditing considerations and deferred revenues. But there were all kinds of things pointing at us to do it, and we did it.

It turned out that it was not a negative experience for our customers at all, and we drove a lot more people digitally with very little backlash. But it was really hard to do and I could see myself in a different world just absolutely

CB: What are some of the key metrics or outcomes that you use to measure your success?

JT: I'm pretty crazy around data and analysis. But usage is king so right off the bat we have engagement, which is another word for usage. It's broad. Inside product usage is people taking the course, playing learning games or participating in studio sessions. Out-of-product value-add usage includes webinars, posting on Facebook, going to our portal, coming to a game night—usage that is outside the direct language learning experience but that we want to spin more of. We also measure engagements that take value away: my stuff's broken, my headset doesn't work, technical issues. Per an analysis last quarter, we're running about ten to one



positive versus the negative, but we look at that every day and slice up every segment possible.

We then determine the cost for each. We drill it down to whether it's by touch, unit, market, or vertical, wherever that happens to be. That becomes a numerator

over this denominator of the revenue we brought in.

Lastly, we collect satisfaction feedback at all kinds of places throughout the organization, throughout your relationship. It is very subtle and not pushy, but focused on whether or not they

liked their studio session, support, or knowledge base. We ask those questions in different ways, it's not real scientific and we have ways to go. But overall engagement, satisfaction, and money are the three biggest metrics.



About CURTIS N. BINGHAM

As Executive Director of the Chief Customer Officer Council™, Curtis Bingham is the recognized authority on chief customer officers and the first to promote this role as a catalyst for competitive advantage. He is the creator of the CCO Roadmap, a groundbreaking work containing 100+ critical strategies essential for customer centricity. As an international speaker, author, and consultant, Curtis is passionate about creating customer strategy to sustainably grow revenue, profit, and loyalty.



About Jay Topper

Jay Topper joined Rosetta Stone in 2007 as CIO and held that position through the company's April 2009 IPO, when he became SVP, Customer Success. Prior to joining Rosetta Stone, Jay was CIO and SVP of India Operations for Seven Worldwide, a global pre-media company. In August 2012, Jay joined Vitacost.com as CTO & CIO. Jay holds a B.S. in Mathematics from the U.S. Coast Guard Academy and an M.S. in Telecommunications and Information Management from the Polytechnic Institute of NYU.

About THE CHIEF CUSTOMER OFFICER COUNCIL

The Chief Customer Officer Council is the first of its kind; a member-led peer-advisory network offering unparalleled insight into the critical issues facing CCOs. It was created to provide a safe environment where CCOs can share ideas, concerns, and build best practices that will help them, their companies, and especially their customers succeed. The Council includes CCOs from diverse industries, purposefully cross-pollinated with the most forward-thinking companies, large and small. For more information, visit www.ccocouncil.org, email info@ccocouncil.org or call 978-226-8675.



Conversations with the CCO: First Year Strategies with Jennifer Maul – In this article by Curtis N. Bingham, featuring Jennifer Maul, CCO of Vendavo, you'll learn critical first year strategies for ensuring the success of your customers and consequently, the impact of their success upon your sales.

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