



S A A S A C A D E M Y

REVENUE RETENTION CHEATSHEET™





REVENUE RETENTION CHEATSHEET™

Hi, my name is **Dan Martell** and I help **B2B SaaS Entrepreneurs** who are not generating enough qualified leads, have trouble selling their software, and feel frustrated with their team to easily scale their businesses.

I have built five companies, sold three (two of which were venture backed), and am an investor in over 40 other startups and companies.

I know that in the early days of building a SaaS business, you try anything to get traction. You just want to have people use the product. You want them to sign up, and pay you for it. Then you hope they stick around for longer than a month.

Whether or not your customers stick around or not depends on a having a few systems in place that reduce your churn.

This brief guide is designed to help you with that...





In the early days of one of my businesses, Flowtown we didn't have any of these systems in place. We grew our blog to over 350,000 Uniques in a 12 month period. The blog became our primary channel for growth. Everything was going well. We had paying customers and buzz.

We started talking with VCs about funding. As we were attempting to raise our series C, there was 1 red flag that kept stopping us from getting funding. Our Churn. We had a 20% month over month churn.

So over the next three months we went to work on correcting our churn problem. We needed to understand what value we needed to

add long term so customers wouldn't come in use the product once, and then churn.

By taking the time to understand why people were canceling and what value was missing from our product we were able to bring churn down from 20% to 12% in three months. Eventually getting it below 8%.

I share this with you because it's possible to find the problem and fix it, so when you open the flood gates and customers come in, they don't pour right out the bottom of your business.

CHURN SCREWS UP YOUR REVENUE

Plain and simple. Which then makes it incredibly hard to grow your top line MRR. If you can reduce your churn you can increase and scale your revenue.

So my question to you is...

Why is fixing churn important to you and your business?

THE SUCCESS GAP

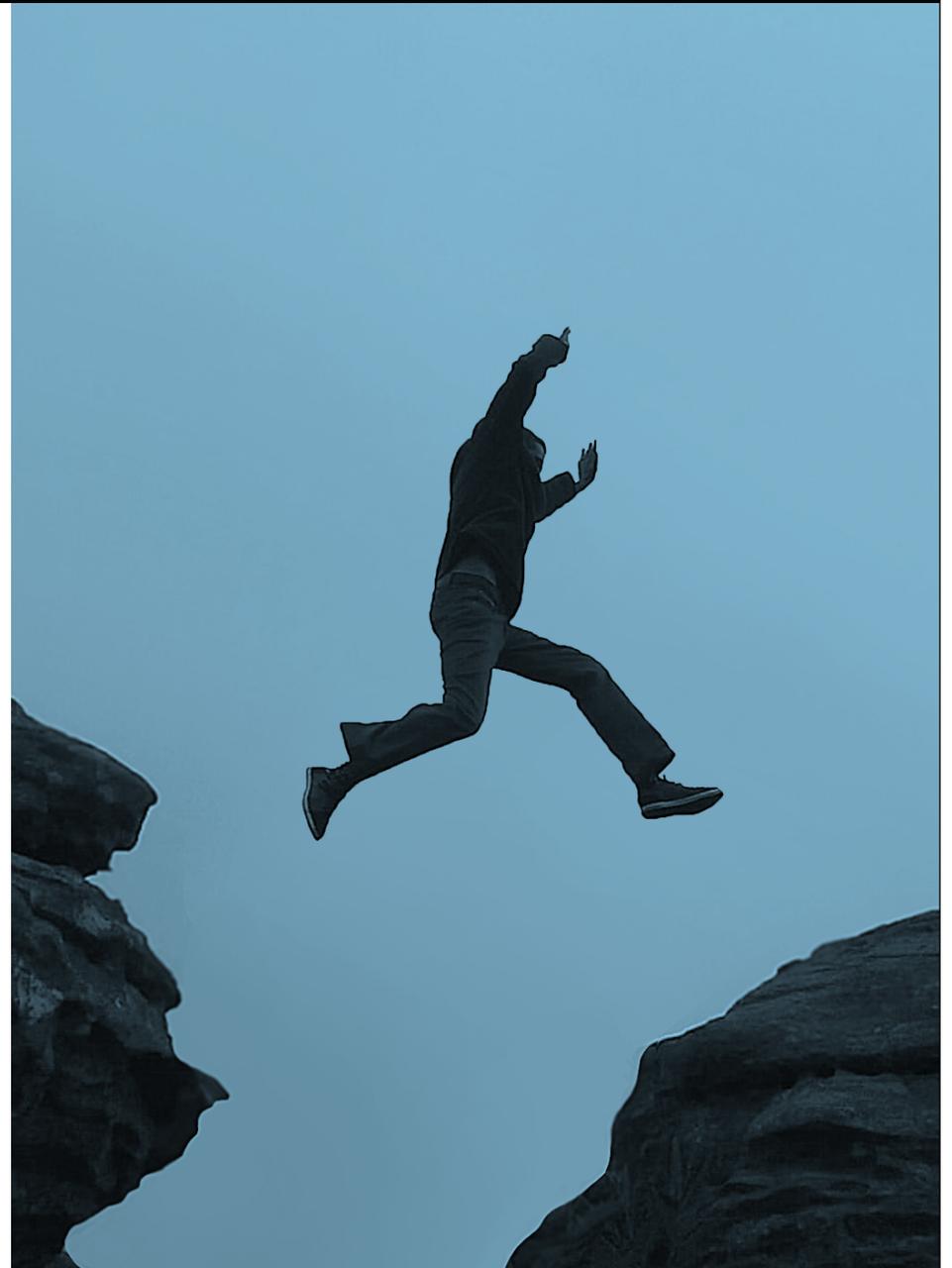
In every business there is something called the Success Gap. Stick with me here, this directly applies to why people churn.

A customer starts at Point A and wants to get to Point D. This gap between A and D is called the Success Gap. Your product needs to help people move easily across this gap. When it doesn't make it easy for a customer to get to Point D, they cancel and look for something that will.

Bridging the Success Gap will require some hand holding, education, conversations, and monitoring to ensure they cross the gap.

Do you have everything needed for your customers to cross the Success Gap? The real opportunity for growth is not in adding more top line leads. It's in fixing your churn.

So when you pour more customers into the top, less fall through the bottom. In order to fix churn we need a few simple systems in place.



5 STEPS TO A PREVENT CHURN

1

***INSTRUMENT
YOUR METRICS***



2

ONBOARDING



3

***CUSTOMER
SUCCESS***



4

***CANCELLATION
PROCESS***



5

***MONITOR
AT-RISK
CUSTOMERS***





1

INSTRUMENT YOUR METRICS

Measuring what is happening within your SaaS is key to understanding what is truly going on behind the scenes. Most SaaS founders have no clue what cohort of customers are churning and at what rate. They just know every month they're losing revenue.



Tracking different cohorts of customers is the first step in discovering where the problem is so you can fix it.

Ideally you'll measure by product line, by a customer cohort, and by timed cohorts so that you can see if you are making progress over time on a monthly basis.

The big picture is that you instrument some tooling to be able to pull these reports for you. There are numerous tools today like Baremetrics, ChartMogul, or ProfitWell that can get you this information just by connecting your backend billing system to it.



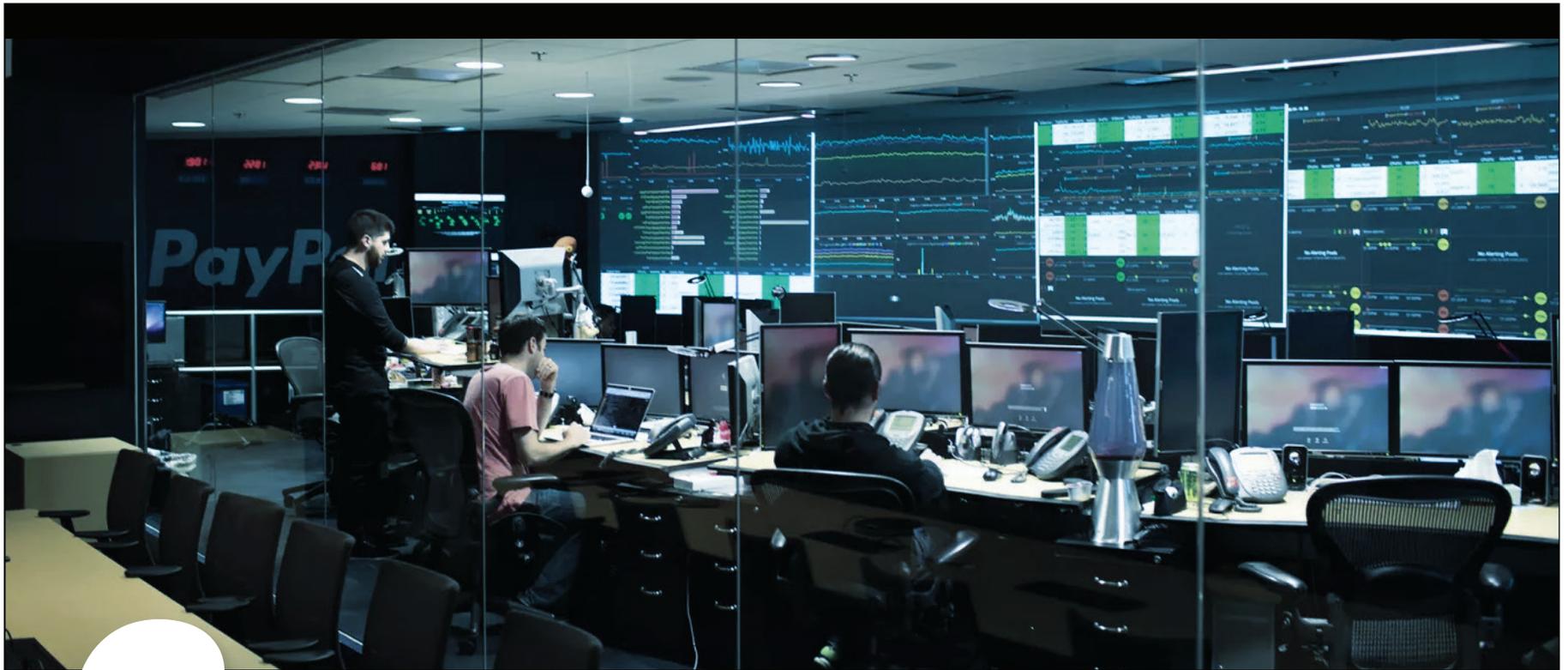
2 ONBOARDING



Becoming obsessed with onboarding is going to have a direct impact on your churn. Making sure that your customers feel that you understand their needs, and provide a great experience for them is all you need to do...

while also tracking analytics of your onboarding so you can tell how well people are progressing through it.

Set up tracking that says if someone does a, b, and c they're doing good.



3

CUSTOMER SUCCESS

Many founders confuse customer success and customer support. They're not one and the same though.

Customer support is a reactive conversation. It's answering tickets and fixing bugs.

Customer success is actually ensuring that trials convert into paid customers AND that paid customers continue to stick around.



A key focus for customer success should be how many people do we retain? In other words, how many people would have quit but we've held onto?

To get started your success team needs to be proactively monitoring accounts. This will allow you to talk with the customers who look like they're most likely to cancel their accounts.



4 CANCELLATION PROCESS

The typical lifecycle of a SaaS customer is a customer comes in, uses it for a while, then just cancels. The company makes it easy for the user to cancel because they don't want to be annoying. They don't want to make it like canceling a gym where you have to provide multiple forms of I.D., sit through multiple meetings, and submit a written letter. Because of this, generally there is no cancellation process in place.



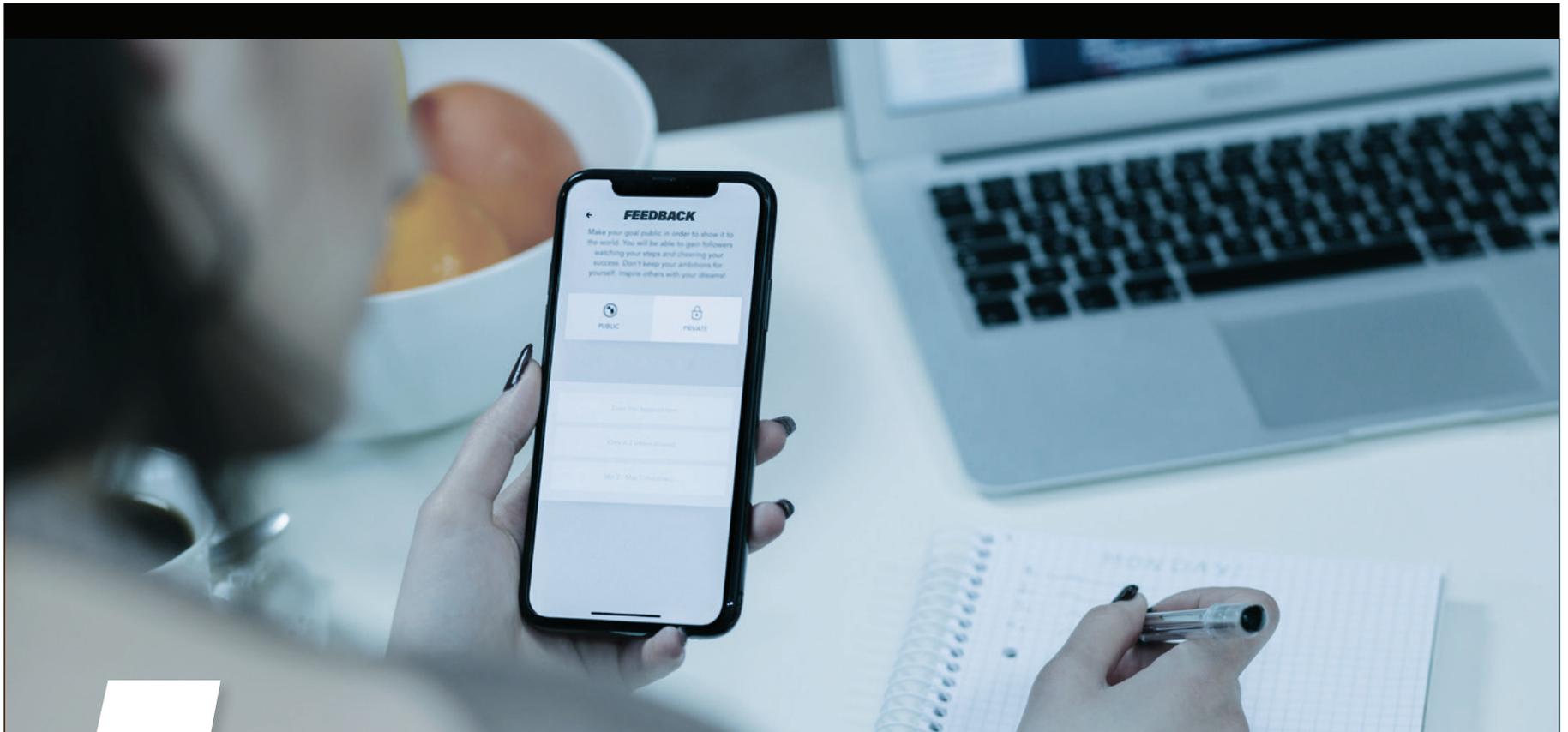
While the essence of this thinking is great, the only problem is you don't learn why people are canceling. Since your role as a founder is to learn. It is incredibly important

to learn why your users are, or are not seeing success with your product. This is going to be the difference between winning and failing.

One of the easiest ways to implement a cancellation process is to require a user to email you a reason they're cancelling their account.

This feedback and their suggestions will contain absolute golden nuggets that will help you fix the product.

Once you have a basic process in place, you can start making it more thorough.



5

MONITOR AT-RISK CUSTOMERS

We live in this incredible world where every interaction a customer goes through can be measured and managed. However, most companies don't use this to their advantage.

An Early Warning Alert System allows you to be proactive and help people get across the Success Gap.



This system will also alert you when someone is trending toward cancelling so you can reach out to them and find out why that's happening.

You should have this system for both the trial phase and with existing customers.

REVENUE RETENTION CHEATSHEET™

The 9 step process for identifying key projects that will get customers buying faster, staying longer and falling in love with your company.

Name:

Date:

| | | |
|---|---|---|
| <p>1. Instrument Metrics What churn numbers needs to be measured and managed?</p> | <p>2. Feedback Cycle What can you do to increase the communication with your customers?</p> | <p>3. Onboarding Experience How can you increase the speed at which your customers experience success with your product?</p> |
| <p>4. Invest in Customer How can you proactively support customers to receive greater value from your product?</p> | <p>5. Escalate Commitment How can you increase the customers commitment to your product as soon as possible?</p> | <p>6. Switching Cost How can you improve your products stickiness?</p> |
| <p>7. Payment Failure How can you improve your credit card processing notifications and dunning management?</p> | <p>8. Monitor at Risk Do you have NPS or Member-at-Risk™ setup?</p> | <p>9. Cancellation Process How can you capture more information about why the customer churned?</p> |

Notes



NEXT STEPS

The ROI of giving this a quick skim and then dumping it into Dropbox for “future reference” is nil. Less than nil if it spills you over to the next storage tier ;)

If you're currently NOT focusing on stopping the bleeding so you can REALLY grow your business... I want you to PROMISE me you'll invest some attention here. This could easily be the thing you and your team look back on 3 months from now when you're toasting to a record breaking revenue quarter.

So take some time to map out your Revenue Retention systems with some major commitments and actions that will really serve your customers. At the end of the day, keeping people around longer is going to have a bigger impact that adding more new customers... and that is your responsibility to make that happen.

Speaking of raising glasses, have you and your team already celebrated the \$10K MRR milestone?

If you're a SaaS CEO/Founder with over \$10K+ in MRR and you're ready to get hands on help from me personally, [book a growth session now](#).

We'll hop on a call and figure out the best way to help you scale your business.

[BOOK A CALL](#)