

# The question of churn, via Pulp Fiction

Churn is overlooked. It's the KPI you want to turn your back on, the one you wish didn't exist. Yet it will haunt you; when high, it stands as a reminder of your process failure. Much like Pulp Fiction, churn can teach you a lot about your company and who you are... Will you ignore it?

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*Jules Winnfield: 'Look, do you wanna play blind man? Go walk with the shepherd. But me, my eyes are wide fucking open.'*

In 2005, under Marc Benioff's guidance, Salesforce was approaching a \$2B market cap. Simultaneously however, the company was experiencing a high churn rate. Despite its undeniable success in the CRM space, Salesforce struggled under the weight of its customer churn - until it addressed the matter with all its might.

Will you address it with all your energy and will?

A company close to my heart, Sprinklr, holds one of the following values: 'Fix it, don't complain.' And it isn't just a value. Ragy Thomas, CEO of Sprinklr, reviews all customers at risk of churn weekly and puts a plan in motion with the constant objective of a 0% churn rate. How often do *you* monitor your churn rate? How often do you even discuss the risk, before a renewal fails to materialise?

*Marsellus Wallace: 'Fuck pride. Pride only hurts, it never helps.'*

A CEO's involvement in fixing churn is more than essential. It is a question of survival. Churn is not only hurting revenue. It is hurting your future sales and your reputation. Ragy mentioned it at the WebSummit in Lisbon in 2018: 'Acquisition and churn go hand in hand. Otherwise, you are trying to fill a bucket that is leaking'.

Ask questions, understand the situation; don't just get comfortable with answers you wish to hear, get to the bottom of the problem and challenge your teams. Where does the issue come from? The idea is not to find someone to blame - but to find the people who can fix it. Find out where and how to act, who to mandate, and who to delegate to for the best impact.

*Jules Winnfield: 'If my answers frighten you, then you should cease asking scary questions.'*

So what are the origins of the churn? Usually, its causes fall into one of these four categories:

1. Business model issues:

You've been searching for yourself and changed your positioning and pricing model one too many times. You've sold too low, you've sold too small, you've sold to immature companies that have no resources to implement your solution - and don't really see its value. In other words, you've jumped at the chance of

an order,, without thinking about how to ensure a long-term relationship.

## 2. Stakeholder issues:

You've identified and implicated the pain point; you've laid out your value, and you've implemented your solution. But only for one person. You've bet it all on one person alone. You've forgotten to multiply the stakeholders. No one else within or beyond that company knows your value. As soon as this person moves position and is replaced, so might your solution.

## 3. Product issues:

Your product might have faults - or it might not fit with the way your customer operates. Sometimes, things simply don't deliver their expected value. Beware of selling a roadmap, and take care with how you sell it. Make sure your customer knows the details of the features delivery schedule to avoid disappointment. Bugs and delays can generate frustrations. Is your customer being treated with empathy? How long has he or she been paying without using the solution? What have been the business impacts for them?

## 4. Executive alignment issues:

No one on your side or their side has aligned on business KPIs to monitor quarterly. You've let your admin people and their operational people do the job and expect great results; leadership must be involved. Perhaps this category reflects your organisation working in silos, proving misalignment between Sales, Pre-Sales, Delivery & Customer Success.

This is a non-exhaustive list. But, now that you know some of the main reasons, you can address them to avoid finding yourself in a high churn rate situation.

If the damage has already been done, however, consider the following solutions:

*Jules Winnfield: 'And that's what we're gonna be. We're gonna be cool. Now, Ringo, I'm gonna count to three.'*

Speak up:

Encourage your team to speak up as soon as they identify risk of churn. Give them a framework – to avoid a weekly rat race). Create a risk assessment framework that your customer-facing team must fill out: why do they believe there is a risk? Have they identified the origin? What is the overall impact on the customer? Who is involved? Have they measured it? Who at your company is involved in fixing the matter? What resources do they need to fix it?

*Mia Wallace: 'Uncomfortable silences. Why do we feel it's necessary to yak about bullshit to be comfortable?'*

### **Time is your greatest asset:**

Winston Wolf's appreciation for time is what makes him such a professional. Time is your greatest asset. If you wait until the time of renewal to act with your customer, you are a fool. Your churn risk starts much earlier than that. Put your team on an execution clock; put your customer on an executive operating rhythm. It's best to meet regularly to assess satisfaction and disappointment. Address them as early as you can, before your competitor knocks on the door.

*The Wolf: 'You must be Jules, which would make you Vincent. Let's get down to brass tacks, gentlemen. If I was informed correctly, the clock is ticking, is that right, Jimmie?'*

### Redemption:

If you find yourself facing potential churn, you've screwed up. And that's ok. Whether it's just because of you or because of your whole team, it doesn't

matter. If you've watched *Pulp Fiction*, you'll know that each character has a chance to redeem themselves. If your customer gives you that chance, you might just be able to redeem yourself. But only if you're sufficiently humble. Please take the chance to do so; it's a test you need to pass.

*Vincent Vega: 'Did you ever hear the philosophy that once a man admits that he's wrong, he is immediately forgiven for all wrongdoings?'*

Do what's right:

In fact, go above and beyond. That's what your customers deserve from paying you and trusting you. Some customers cannot be saved. Let them be, let them go, do not lock them up if it's clear your relationship won't be successful. In the long term, selflessness and righteousness pay off, always. Do the right thing.

*Vincent Vega: 'It's the little differences. I mean they got the same shit over there that they got here, but it's just — it's just there it's a little different.'*

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