Background: *Managed Hospitality Services* provides outsourced technology and talent to help the hospitality industry deliver excellent and seamless service.

The go-to-market with a base CRM product that helps hotels, restaurants, and car rental agencies provide improved self-service on nearly any device. They also perform direct service delivery via call centers and on-site hospitality delivery teams. For example, the online concierge, booking, and technical support services for a major global hotel chain are actually provided by *Managed Hospitality Services* personnel.

The *MHS* growth plan centers on a significant increase in revenue from existing customers. Two programs will launch to achieve this. (1) An improved CRM product that covers end-to-end functionality for both front and back office, and (2) Allowing customers to "white label" and re-sell the *MHS* service delivery team--branding *MHS* personnel as their own. This allows larger enterprise clients to sell centralized concierge and support services to franchisees, for example.

Current State Assessment: Survey responses show the current *MHS* retention environment includes a high number of total customers who perceive their *MHS* implementation as a low-to-moderate investment. The product is straight-forward and while it has a positive impact on customer outcomes this is not viewed as a significant contribution. The retention team(s) can greatly influence customer behavior but are measured primarily on satisfaction and work quantity metrics. Retention team(s) do not have direct revenue responsibility.
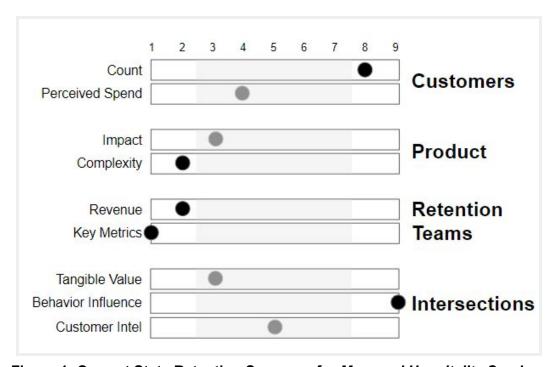

Figure 1: Current State Retention Summary for *Managed Hospitality Services*

What it means for Retention

This combination of customer, product, and team factors influence and inform an optimal customer retention organization. We use an *Enablers*, *Performance,* and *Accountability (EPA)* model to understand how organizations align for maximum customer retention.

Enablers include the organizational structure, business processes & rules, technology, and any other elements that support the efficient performance of the right work. For *MHS* the large customer count with low/no revenue expectations suggests a structure with clearly separated success, support, and sales functions and likely some type of team segmentation based on customer attributes. Business processes and rules should be highly routinized in this environment. The work is high volume, repeatable, and should be codified in playbooks for easy training and performance management. This also suggests process efficiencies yield oversized value due to scale. Technology ideally provides workflow engines and task automation as well as large-scale customer feedback about product usage and interactions with customer-facing personnel.

Performance includes the people responsible for customer retention and any tools in place to directly support customers in their journey. For *MHS* the low-complexity product, lower perceived customer spend, and low direct revenue responsibility suggest a less tenured team can perform to standard. There is some growth within the role but these jobs also prepare team members for other openings at *MHS* due to the high customer and product knowledge. The work is likely fast-paced, high-volume, and customer-direct. Excellent written and verbal skills are essential to success, as is effective personal planning and organization. Tools like online help or product-led success are particularly effective in this environment because there tends to be a high volume of known answers that don't change.

Accountability includes metrics, incentives, and other rewards and consequences linked to Performance. *MHS* can leverage its customer volume, product consistency, and ability to influence customer behavior to track metrics at multiple levels: NPS/CSat and work volume metrics for individual rep performance; and time-to-value, revenue retention, and unit retention metrics for company performance. With high customer volume, it helps to segment all customer reporting by customer type, cohort or some other means to better understand the aggregate performance and identify early signals of performance changes. Incentives in this structure must align with what each rep actually controls. The *MHS* retention team is identified as having low revenue responsibility and should be rewarded for trackable and indirect contributions to retention--successful onboarding, health checks, etc.--instead of the $$ or unit retention itself. At this volume, rep-level tracking of customer satisfaction is also feasible and may create opportunities for performance accountability and incentives.

Future State Assessment: The survey results show clear areas where the new product and service offerings create a different retention environment and signal changes to managing *Enablers*, *Performance*, and *Accountability*. Of particular note:

- Perceived Spend is moving up
- Product Impact on customers' business is now very high
- Behavior Influence is greatly decreased
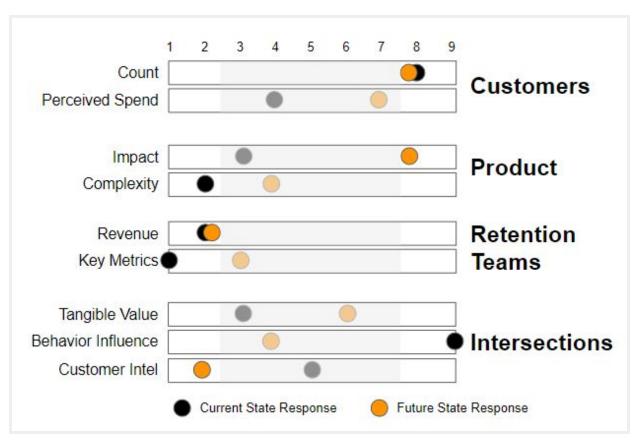- Customer Intelligence access is greatly reduced

Figure 2: Future Retention Gap Analysis for *Managed Hospitality Services*

Customer Retention Recommendations

In aggregate, these changes place new expectations on *MHS* and the retention teams. The future product and services are more integral to the customer's operations. This increases the perceived value of the *MHS* retention teams. However, white-labeling *MHS* services leads to a decrease in direct influence over customer behavior. The environment is more complex--leading to a set of recommendations and best practices for *Enablers*, *Performance*, and *Accountability*.

1. **Increase individualized success and support** - This responds to the typical customer expectation of getting more as they pay more. Also, with major new product features and a new service line comes a necessary investment to keep onboarding times tight and feature usage high.

2. **Master your 1:M game** - Explore product-led success, marketing, and other means to provide 1:M success and support. Investing in human capital is often an inefficient way to scale. Leverage tools and campaigns to limit the need for individualized success and support, where possible.

3. **Measure the impact** - Product impact is going way up and the perceived spend it going way up. When the renewal or retention conversation inevitably arises you need strong data to quantify the tangible value to each individual customer. These may be new talk tracks for both retention and sales personnel.

4. **Retain talent too** - The future asks more from the retention team members--both in task diversity and client value delivery. Current team members hold essential historical knowledge and should be selectively retained, developed, and promoted. The hiring profile also tilts more toward problem-solvers and those comfortable with ambiguity.

5. **Incentivize fast starts** - With new products and services the first batch of live customers is essential to learning, momentum, and market sentiment. Reward retention team activities that achieve this--improved TTV/onboarding, upsells, collected references, etc.

6. **Don't let go of customer intel** - *MHS* projects decreased access to direct customer intel. With the white-labeled service the transactional data will reside with the customer. This is a major risk and a major limitation. Consider contractual or other means to retain access to this essential raw material, even if not provided in real-time.