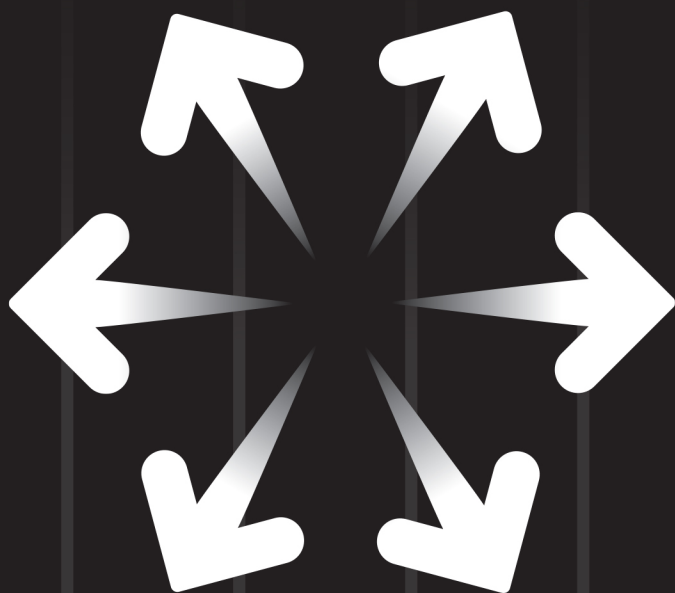


# LAND AND

# EXPAND

6 Simple Strategies To Grow Your  
Company's Top And Bottom Line



# PATRICIA WATKINS

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Author disclaimer: The few times I mention anyone by their first name only, it's not their real name. The names were changed, but the situations were real.

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## CHAPTER 1

# Why The Need To Land And EXPAND



*“Instead of focusing on the competition,  
focus on the customer.”<sup>1</sup>*

—Scott Cook, CEO, Intuit

Land and Expand has been a best practice for a long time. Given recent events, it is now more vital for your company’s success than ever before.

In the first two decades of the twenty-first century, we have experienced several significant events that upended customers’ buying patterns and impacted the economy in unprecedented ways. Consider September 11, 2001, when airlines were grounded, the New York Stock Exchange was frozen, and customer confidence was badly shaken. Recall the Financial Crisis of 2008, leaving mortgage holders upside-down, commercial credit hard to obtain, and the stock market taking an extended nosedive. These difficult events caused many buyers to put orders on hold or take longer to make purchasing decisions.

Another significant event was the pandemic of 2020. Customers’ buying patterns were impacted in ways that had never been seen before. Schools were closed, travel was

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<sup>1</sup> <https://www.brainyquote.com/authors/scott-cook-quotes>

canceled, and people hunkered down. Large companies sent employees to work from home or went into hibernation. Small businesses were temporarily closed or scaled back their products and services. Businesses, large and small, teetered on the edge of extinction. Millions of workers were laid off or furloughed. Confidence cratered, people stayed home, and the old axiom, “business as usual,” lost its meaning.

So, what happened? Many companies survived, some did not. A primary factor that ensured survival were loyal customers who continued to purchase from companies during this unprecedented time. Think of the many small businesses, such as restaurants, that were kept afloat by their loyal customer base.

In every significant event, those companies who not only survived but thrived were those who treasured their customers and served them well. Well-served customers reciprocate with loyalty.

During the past, current, or future significant events, your customers are what make the difference in your success.

Existing customers and loyal customers are the foundation of a successful business. You need to have loyal customers to have a solid base to build upon. This book is about creating loyal customers, retaining them, and growing them. Expanding your existing customer base is a vital best practice in good times, and even more essential during the rough times. Focus on expansion within your existing customers and grow your top and bottom line.

What is similar, before and after these economic events, in growing your business’ top and bottom line? What do shareholders want to see in assessing a company’s value? Growth. What are some of the most productive ways to achieve growth? New customers, high customer retention rates, and

more sales to existing customers. Any combination of those adds up to growth.

Loyal customers, and retention of existing customers by delivering an excellent customer experience, were and will continue to be the difference between survival and failure. Existing customers will continue to be the source of the fastest path to revenue and profit growth and the most competitive battleground. The competition for customers will be fierce, as acquiring and retaining customers will be the basis for our future success, even more so than in the past.

Never before in our history has retaining and delighting our current customers been more important to sustain our businesses and survive.

This focus on customers is where the Land and EXPAND Sales Framework will guide you in growing your revenue and profit. This book focuses on the EXPAND strategies of the Land and EXPAND Sales Framework. In these pages, you'll see how expanding sales within your existing customer base is the fastest path to expanding your company's revenue and profit.

### **What Is Meant By Land And EXPAND?**

The term “land” refers to getting a new customer. The term “expand” represents expanding your footprint in that company with new solutions and services. Why is the Land and EXPAND Sales Framework important? During my career, I have never met a company that didn't want to expand its top (revenue) and bottom (profit) line. Therefore, let's start with the premise that every company wants to grow sales. Are you accelerating sales in the most efficient way? This book focuses on the quickest path to growing sales—expanding your market share within your current customers.

## **Loyal Customers Buy More**

Satisfied, loyal customers will buy more products, more solutions, and more services from you. To upsell and cross-sell (covered in Chapter Two: Expansion Revenue), the customer must first experience great service with your company to want to continue doing business with you. But a recent study points out an alarming statistic: “it’s a well-established fact that 44 percent of companies have a greater focus on customer acquisition versus 18 percent that focus on retention.”<sup>2</sup> This lopsided focus could have dire consequences on your growth trajectory.

You need both acquisition of new accounts and expansion within existing accounts, but many companies’ focus is misaligned. A greater proportion of companies are spending more effort looking for new customers than retaining and growing the ones they’ve already landed! Yes, companies need new customers, but retaining satisfied customers delivers a greater return. Focusing on retention surely deserves equal or more attention. Retaining satisfied customers delivers a greater increase in revenue and profit.

The highest close rates and greatest return on investment (ROI) comes from retaining loyal customers who buy more products and services. Focusing on existing accounts enables companies to expand their market share in those accounts and drive incremental revenue and profit overall.

## **Why Focus On Existing Accounts**

Many companies have a laser-focus on signing new customers. That’s important, but are they spending as much or more time on their existing base of customers? Why focus on existing accounts? Let me share some research with you:

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<sup>2</sup> Khalid Saleh, “Customer Acquisition Vs. Retention Costs – Statistics And Trends,” The Invesp Blog: Conversion Rate Optimization Blog, November 11, 2019, <https://www.invespcro.com/blog/customer-acquisition-retention/>.



- According to research by Bain and Company, increasing customer retention rates by just 5 percent increases profits to anywhere between 25 and 95 percent.<sup>3</sup>
- According to Gartner Group, on average, 80 percent of a company's future revenue will come from just 20 percent of its current customer base.<sup>4</sup>
- *Harvard Business Review* reports that it is anywhere from 5 to 25 times more expensive to acquire a new customer than it is to keep a current one.
- According to the book *Marketing Metrics*, the probability of converting or closing an existing customer is 60 to 70 percent. In contrast, the probability of closing a new customer is 5 to 20 percent.<sup>5</sup>

Focusing on your existing customer base provides the most cost-effective path to growth. Still not convinced?

- Salesforce reports loyal customers, on average, are worth up to 10x as much as their initial purchase.<sup>6</sup>
- Forbes.com reports that an existing customer spends an average of 67 percent more than new customers.<sup>7</sup>

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<sup>3</sup> Amy Gallo, "The Value of Keeping the Right Customers," *Harvard Business Review* (Harvard University, November 5, 2014), <https://hbr.org/2014/10/the-value-of-keeping-the-right-customers>.

<sup>4</sup> Alex Lawrence, "Five Customer Retention Tips for Entrepreneurs," *Forbes* (*Forbes Magazine*, November 12, 2012), <https://www.forbes.com/sites/alexlawrence/2012/11/01/five-customer-retention-tips-for-entrepreneurs/>.

<sup>5</sup> Patrick Hull, "Don't Get Lazy About Your Client Relationships," *Forbes.com*, December 6, 2013, <https://www.forbes.com/sites/patrickhull/2013/12/06/tools-for-entrepreneurs-to-retain-clients/#5454cada2443>.

<sup>6</sup> Tim Packard, "10 Customer Service Stats and What They Mean for Your Contact Center", Salesforce, January 14, 2015, <https://www.salesforce.com/blog/2015/01/ten-customer-service-stats-what-they-mean-your-contact-center-gp.html>.

<sup>7</sup> Mike Sands, "The Most Under-Tapped Marketing Opportunity: Existing Customers", *Forbes*, December 17, 2017, <https://www.forbes.com/sites/mikesands1/2017/12/19/the-most-under-tapped-marketing-opportunity-existing-customers/#3a7b40af1ab6>

- It has been reported that your current customers are 50 percent more likely to try new solutions.<sup>8</sup>
- According to Forbes.com, it is significantly easier to sell your solutions to your existing customers than to a prospect you don't have a relationship with.<sup>9</sup>

Where would you prefer to spend the majority of your time? Landing new customers is important, but the fastest path to growth is to spend quality time nurturing and EXPANDING your customers after the initial sale.

### **What Is The Cost Of Acquiring Customers?**

Existing customers are less expensive to sell to than new customers. Are you aware of your customer acquisition cost (CAC)? *Harvard Business Review*, as noted above, states that “acquiring a new customer is anywhere from 5 to 25 times more expensive than retaining an existing one.”<sup>10</sup> Do your business model and growth plan support those costs?

Consider these costs typically associated with acquiring new customers:

- Marketing costs are incurred to acquire new customers, which include inbound and outbound communications and campaigns, social media, advertising, website, promotions, programs, events, and other costs.
- Sales, marketing, and business development headcount costs of those associates needed to acquire new customers are also included. Be sure to use the fully loaded costs

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<sup>8</sup> Khalid Saleh, “Customer Acquisition Vs. Retention Costs – Statistics And Trends,” The Investp Blog: Conversion Rate Optimization Blog, November 11, 2019, <https://www.invespcro.com/blog/customer-acquisition-retention/>.

<sup>9</sup> Paul B. Brown, “Want to Increase Sales, Target Your Existing Customers.” Forbes, January 22, 2014. <https://www.forbes.com/sites/actiontrumpseverything/2014/01/22/want-to-increase-sales-target-your-existing-customers/>.

<sup>10</sup> Amy Gallo, “The Value of Keeping the Right Customers,” *Harvard Business Review* (Harvard University, November 5, 2014), <https://hbr.org/2014/10/the-value-of-keeping-the-right-customers>.

of your employees. The fully-loaded costs include not only salary but also benefits such as insurance, vacation, employment taxes, office space, laptop, mobile phone, local area network, wireless, software tools, turnover and any recruiting costs, and the list goes on. For example, a resource with a targeted salary of \$100,000 may have a fully loaded cost of 2.7 to 3 times the employee's base salary—that's \$300,000 per headcount!

Now, if you take those figures and consider the previously quoted statistic that it costs *5 to 25* times more to acquire new customers than to retain the ones you have, you will see the CAC is daunting. Have you built that extra cost into your business model or growth plan? Your accounting and finance departments won't overlook the obvious fact that the lower the CAC is, the higher your profitability.

Each one of these statistics points to the criticality of focusing on your current customer base to grow your business. Selling to existing customers is significantly easier and more profitable than winning new accounts. It is significantly easier to sell to an existing customer because these sales have a lower acquisition cost. You already have contracts in place; you already have developed a trusted relationship; and you will have higher close rates. Ultimately, it is more profitable to sell to existing customers than to acquire and sell to a new customer.

By the way, from a timing perspective, did I mention that customers whose trust you have already earned, tend to buy more than a new customer who might be testing the waters with a smaller initial purchase?

## **The Land And EXPAND Sales Framework**

This book focuses on the Land and EXPAND Sales Framework and how you can implement the framework to

grow your business. Some might suggest this framework is only relevant to sales and marketing. However, it doesn't just apply to sales and marketing; this framework applies to every employee in every company—including staff in operations, legal, finance, engineering, manufacturing, and every other employee in a company who has the goal to grow.

Existing customers are the fastest path to improving your top and bottom line. From high-tech companies to healthcare to banking to legal to service companies and more, the Land and EXPAND Sales Framework focuses on six simple strategies to expand your business.

The first step is to land your customers. Before you move on to the next customer, you'll want to be sure to deliver the outcomes that your current customer expects. They purchased your solution to alleviate their pain. Meet the expectations or key performance indicators (KPIs) they partnered with you to provide. It is important to deliver exceptional customer service as the foundation of your relationship with the customer. Once you've achieved a delighted customer, you now have references and proof points that will help you land the next new opportunity. We'll talk more about exceptional customer service in Chapter Three, which focuses on exceptional customer service and overall customer experience.

Once you've landed your customer, now you want to expand your footprint within the account. Once you have a delighted customer, branch out within the account (new solutions and new departments), extending your market presence within that account by leveraging your success.

Expanding is the fastest way to grow, and ultimately accelerates you toward your goal of increasing revenue and profit. Expanding is typically much easier than landing. But

expanding still takes a lot of work. This book outlines the six simple strategies to expand your business in the accounts that you've already sold to, i.e., which you've already landed.

One goal of this book is to provide you with a robust body of research to give you a broad and varied view of the background leading to the strategies contained in the Land and EXPAND Sales Framework. A second goal is to provide you with real-life experiences of how the implementation of these strategies resulted in expanded revenue and profit. Lastly, the third goal is to provide you with tips, templates, and checklists that you can put into immediate use in your company.

Go to the next chapter for an overview of the six simple strategies.