

# How To Build A Customer Success Program

## The Five Things You Need To Effectively Deliver Customer Success

by TJ Keitt

May 16, 2018

### Why Read This Report

Many business-to-business (B2B) leaders believe customer success management (CSM) will help them manage the customer experience (CX). But how do you build a CSM organization to do this? This report tells CX professionals the five factors they need to have in an effective CSM function.

### Key Takeaways

#### **Customer Success Management Is Hitting The Mainstream**

Business leaders at companies ranging from startups to giant multinationals are building customer success teams. The reason? They see a business imperative in ensuring clients have a valuable experience.

#### **There Are Five Factors In Building A CSM Function**

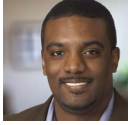
To be successful, CSM groups need a clear mission tied to business metrics, strong collaboration across the business, proper staffing, robust tools, and a sound funding model.

#### **CSM Efforts Must Start Small**

Because CSM functions require considerable resources, CX pros helping build them should initially focus on a small subset of customers. This will help validate the need for a CSM practice and what clients require from it.

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## The Five Things You Need To Effectively Deliver Customer Success



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## Five Factors Determine Your CSM Organization's Effectiveness

Customer success management is hitting the mainstream. Companies boasting CSM groups run the gamut from startups like business management software maker Bridge to growth companies like ECM vendor Box to behemoths like Microsoft. On LinkedIn, there are more than 44,000 customer success manager job listings in the United States alone.<sup>1</sup> And at least one industry event, CSM software maker Gainsight's Pulse conference, attracts thousands of CSM practitioners every year.<sup>2</sup> So, it's no surprise that many Forrester B2B CX clients are asking how they can create their own CSM function.

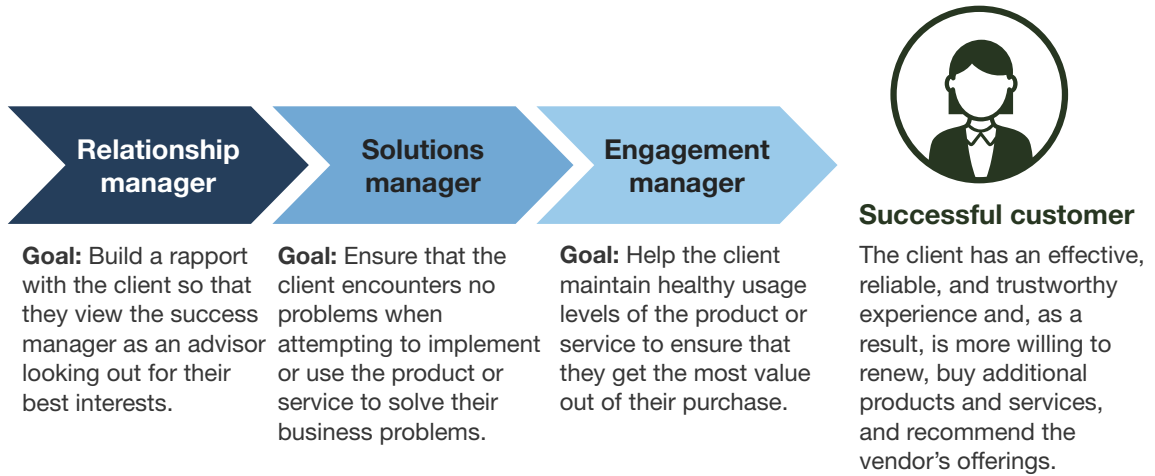
Developing an effective CSM group requires CX leaders to determine how they will meet the three responsibilities of customer success management (see Figure 1). Forrester's research shows a strong CSM organization has five characteristics. These are (see Figure 2):

1. **A clear mission tied to business metrics.** Mikael Blaisdell, executive director of the Customer Success Association, says CSM groups "should adopt a mission that directly connects customer success to increasing sustainable proven value for both the customer and the company." Doing this links good CX to business success and lays the foundation for how the customer success group will create that experience.
2. **Strong connections with related business functions.** Dayton Semerjian, GM and SVP of Global Customer Success at CA Technologies, believes the CSM team doesn't "have to control everything; you just have to be able to orchestrate everything around the customer experience." Customer success leaders must form partnerships across the business, as well as take responsibility for functions they deem critical to their work, such as data analytics.
3. **Proper staffing levels and customer alignment.** To properly engage customers, customer success leaders must determine the profile of a success manager and how to allocate personnel to accounts. This is a time-intensive process: Beth Power, AVP of customer success at Agile management software developer VersionOne, has spent the last two years developing a capacity model based on customer needs, desires, and goals.
4. **Robust tools to deliver and monitor CSM activities.** Success managers will lean on data, processes, and technology to guide their interactions with clients. Customer success leaders need a tool road map to plan how they will support CSM activities: Doug Smith, SVP of customer success at billing software company Vindicia, is in the process of deploying software from Gainsight to augment his success directors' abilities to serve all the business' customers with automated account monitoring that can trigger human responses.
5. **A funding model that reflects the value CSM provides.** Customer success leaders can control significant percentages of their company's workforce. Some CSM organizations we've studied have over 1,000 employees. Customer success leaders must decide who will pay for the personnel and infrastructure. Hubert Selvanathan, a partner at management consultancy Waterstone Management Group, notes that many companies view CSM as a cost of doing business, while a growing number view it as a premium offering to strategically important clients.

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**FIGURE 1** Customer Success Management Provides A Road Map For Meeting Customers' Expectations



**FIGURE 2** Customer Success Organizations Are Built Around A Value-Oriented Mission



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### 1. A Clear Mission Tied To Business Metrics

Customer success consultant David Lahey describes the mission of CSM groups as “narrowing the gap between how well you believe you’re delivering value and the customers’ reality.” In closing that distance, the business and the customer should both realize value, strengthening the relationship. How do CX pros help create this sense of mission?

- › **Specify the benefits of a good experience.** Executives will ultimately want to know what benefits contribute to the business’ success. CSM groups often express this in terms of improved retention: Sales productivity software maker Yesware’s customer success mission is to “create customers for life.” For the experience to be good, the customer must also see value in the interaction. That’s why quote-to-cash software developer Apttus’ customer success charter is to ensure “customers realize value from the solutions they’ve implemented.”
- › **Articulate how the business will deliver a good experience.** To create loyalty-producing experiences, success managers will lead specific customer interactions. Workflows and processes govern these activities through “playbooks,” but the high-level behaviors should be part of the mission. Enterprise software company Infor embedded six behaviors into its core values: teamwork; focus on results; sense of community; sense of urgency; focus on innovation; and passion for customer success.
- › **Identify the KPIs that ensure a good experience.** Customer success leaders will need a way to ensure success managers demonstrate the behaviors that lead to good CX. Likewise, the business needs a way to see the payoff from a strong CSM function. CRM software developer Sprinklr created a “success operating rhythm” that spells out the success manager/client touchpoints and creates a mechanism to ensure they occur. To evaluate the CSM function, Sprinklr looks at product utilization rates, how well the client is hitting their own KPIs, retention rates, and overall account growth.

### 2. Strong Connections With Related Business Functions

John Warne, VP of marketing at CSM software company Bolstra, notes “the communication processes between departments is broken and only examined when there are issues.” The mission of customer success groups is to fix these problems by coordinating customer experience delivery. How do CX pros help ensure that success teams can play this critical role?

- › **Clearly define how CSM supports other functions.** Success managers’ overarching relationship, solution, and engagement management roles can seem to overlap with other functions like sales and support. To head off friction and demonstrate value, success managers should focus on removing roadblocks in the paths of these other roles. For example, at CRM software maker Bullhorn, if a sales director notices her client isn’t properly adopting the software, she can call in a success manager to diagnose the problem and identify solutions.

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- › **Establish workflows that link CSM teams to other functions.** To ensure these scenarios run smoothly, success managers must be embedded in the associated business processes. A common system — like a project management system — can manage these interactions and trigger actions across the organization. SAP engages its customer success managers after the implementation team says the client’s application is up and running. The success manager then monitors the product’s uptake, flagging poor adoption that is attributable to a poor design, which can trigger actions like the implementers re-engaging to provide a fix.
- › **Fold related functions into the broader CSM group.** Customer success leaders can take on broad remits to simplify coordination through shared reporting lines and goals (see Figure 3). For example, Vindicia’s Doug Smith oversees “everything post contract signature” — the deployment, tech support, customer success, and chargeback-fighting teams. Success teams can be folded into broad organizations as well. Sales enablement software developer Brainshark’s customer success group sits in the customer care organization, which includes the implementation, customer support, and content production teams.

**FIGURE 3** Customer Success Organization Structures

	Description
Standalone CSM team	This is a customer success team that has a separate reporting line into the business’ executive leadership. The head of this group controls only the success managers and necessary support groups (e.g., customer success operations). This is a rare entity usually found in smaller startup operations.
CSM umbrella organization	This is an expanded customer success group in which multiple pre- and post-sale functions report into the head of customer success. This broader remit can include customer support, renewal teams, and professional services. This entity is found in companies trying to unify management of the post-sale experience.
Embedded CSM department	This is a customer success function that reports into an established business function. Example reporting lines include head of sales and head of customer support. This entity is found in companies that view customer success as a way to support the existing business function.

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**3. Proper Staffing Levels And Customer Alignment**



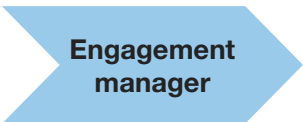
The leader of a nascent customer success practice at a tech consulting firm revealed there were two success managers serving 1,000 clients. Even with automation and sound processes, this sort of workload can be overwhelming and demoralizing. So, businesses must ensure they have the right number of success managers with the right skillset to cover their customers' needs. What things should CX pros and their colleagues consider when staffing a customer success group?

- › **Set the scope of the success manager job.** There are many activities within CSM (see Figure 4). But this doesn't mean each success manager must perform all these tasks or do them to the same degree for all clients. SAP, for example, divides customer success functions between enterprise support advisors and customer success managers. The former group oversees client access to R&D, ticket acceleration, and support coordination for both on-premises and cloud customers. The latter group focuses on a consultative relationship with cloud customers built around tasks like success planning and end user training.
- › **Decide how success managers are assigned to clients.** Much of how companies align success managers depends on the product portfolio's complexity (see Figure 5). One large enterprise software vendor, which has numerous offerings across different product families, first aligns success managers by product group. To ensure success managers' caseloads are manageable, companies set client-to-manager ratios based on client size and region (see Figure 6). Brainshark, for example, considers, among other things, the client's spending levels, size, and region when determining the level of success manager assigned to that client.
- › **Determine the skills success managers need to do the job.** Beyond general client service competencies, success managers need skills tailored to the type of customer they serve. For its field success managers — those who go onsite with clients — CA Technologies hires individuals with a broad business and technology background who can understand the breadth of CA's product portfolio. Setting quotas for these skills is related to how success managers are apportioned. At CA, offsite success managers — those who work in a CA office — work alongside product specialists, reducing the need for those success managers to have deep technical expertise.

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**FIGURE 4** Sample Customer Success Manager Activities

Customer success roles	Potential activities related to the role
 <p><b>Relationship manager</b></p>	<ul style="list-style-type: none"> <li>• Lead the customer onboarding call to establish contacts and reaffirm the customer's goals.</li> <li>• Develop a customer success plan to create roles and accountability.</li> <li>• Conduct quarterly business reviews to uncover client needs.</li> <li>• Facilitate periodic client touchpoints to check in on client satisfaction progress.</li> </ul>
 <p><b>Solutions manager</b></p>	<ul style="list-style-type: none"> <li>• Monitor clients' product and service utilization for anomalies.</li> <li>• Alert customers to potential problems before they emerge and propose solutions (e.g., additional user training).</li> <li>• Receive incoming client queries or problems and determine how best to route them in the organization for resolution.</li> <li>• Identify opportunities for clients to leverage additional services to meet their goals (as outlined in the success plan).</li> </ul>
 <p><b>Engagement manager</b></p>	<ul style="list-style-type: none"> <li>• Monitor client interaction patterns, looking for any patterns that fall outside of healthy interactions (e.g., not attending user conferences).</li> <li>• Recommend interactions or engagements that will enhance the customer's product use (e.g., product case studies).</li> <li>• Interview clients, probing for reasons that engagement is changing.</li> <li>• Formulate ways to resolve issues that lower customer engagement.</li> </ul>



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**FIGURE 5** How Companies Align Success Managers

**Customer success organizations use one or some combination of the following alignment schemes:**

**Product alignment**

- **Pros:** Can develop CSMs with deep product expertise; allows for broader customer success coverage over a very large product portfolio.
- **Cons:** Makes it hard to scale across different products; fragmented service delivery.

**Client size alignment**

- **Pros:** Can allocate more senior staff to larger, more difficult accounts.
- **Cons:** Optimized for a homogenous product set.

**Regional alignment**

- **Pros:** Can match language and cultural skills to specific areas; allows for regional ownership and management.
- **Cons:** Fragmented service delivery based on regional differences; challenges scaling in different regions.

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**FIGURE 6** Customer Success Managers Have Varying Client Loads

Client type	CSM-to-client ratio*	Rationale	Service level*
Priority	1:1 to 1:5 (can reach as high as 1:10 to 1:20)	These are high-lifetime-value clients; the biggest-spending clients; or clients who have paid for this specific service level. For many firms, these are the only types of clients receiving human-driven customer success services.	<ul style="list-style-type: none"> <li>• Named success manager</li> <li>• Proactive, periodic check-ins</li> <li>• QBRs</li> <li>• Access to self-help tools</li> </ul>
Midsized	1:20+	These are clients with lower spending levels who may be considered strategic. They may also be clients who have paid for this level of service.	<ul style="list-style-type: none"> <li>• Access to a success manager</li> <li>• Access to content from self-help sites</li> <li>• Human assistance in emergencies</li> </ul>
Small	Automation or inclusion in CSM pool (1:100+)	It would not be profitable to serve this long tail with a dedicated customer success manager. These smaller clients may not need much assistance, as their use cases are less complicated. This can also be the entry-level customer success service tier.	<ul style="list-style-type: none"> <li>• Access to success manager during implementation</li> <li>• Access to content from self-help sites</li> <li>• Human assistance in emergencies</li> </ul>

\* The list isn't exhaustive.

**4. Robust Tools To Deliver And Monitor CSM Activities**

The customer success toolkit must support the behaviors that determine customer value. For example, a burgeoning CSM team at a tech startup is implementing survey software, building templates in Salesforce, rolling out customer messaging system Intercom, and developing its first customer health assessment. What activities should CX pros support to help build this toolkit (see Figure 7)?

- › **Perform data analytics that indicate the customer's status.** Data that signals customer issues helps success managers govern their activities. To do this work, success teams have hired data analysts: Vindicia employs a data analyst who provides customer insights to the firm's success directors prior to client visits. And to automate alerts and make this data accessible to employees, companies deploy CSM management software from companies like Gainsight and Totango. A few technically adept companies are building their own systems: Infor has built a dashboard called Customer 360 on top of its CRM system.

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- › **Create procedures that guide critical customer interactions.** To ensure clients get a consistent experience, CSM leaders create playbooks. These procedural guides dictate certain engagements. CA's playbooks prescribe actions success managers should take to get customers back on track after they fall off. Beyond that, most of the CSM leaders Forrester interviewed discussed setting up guidelines to ensure success managers develop success plans, hold quarterly business reviews (QBRs), provide product updates, and perform other tasks that reinforce the success manager's coaching and advisory roles.
- › **Implement software that fosters collaboration across the business.** Beyond CSM software, we find success teams using a range of tools to communicate customer status to the business and support collaboration. Ticketing systems like Jira, social software like Salesforce Chatter, product analytics software like Pendo, and more can sit at the intersection of customer success and other departments: Site search platform Cludo's success managers use GitHub to manage customers' feature requests for the developers.

**FIGURE 7** CSM Organizations Leverage Three Types Of Tools

Tool	Examples*
Data	<ul style="list-style-type: none"> <li>• Voice of the customer</li> <li>• Implementation/onboarding efficiency (e.g., project length, time-to-value)</li> <li>• Product utilization data (e.g., logins, features used)</li> <li>• Product/service performance data (e.g., ticket submissions, downtime)</li> <li>• Client interaction data (e.g., webinar and event attendance)</li> </ul>
Procedures	<ul style="list-style-type: none"> <li>• Onboarding meeting</li> <li>• Periodic check-in calls/meetings</li> <li>• Quarterly business reviews</li> <li>• Relationship and transaction surveys</li> <li>• Customer success plans</li> <li>• Cross-functional leadership meetings</li> </ul>
Software	<ul style="list-style-type: none"> <li>• Customer success management software</li> <li>• Issue tracking software</li> <li>• CRM systems</li> <li>• Community platforms</li> <li>• Learning management system platforms</li> </ul>

\* The list isn't exhaustive.

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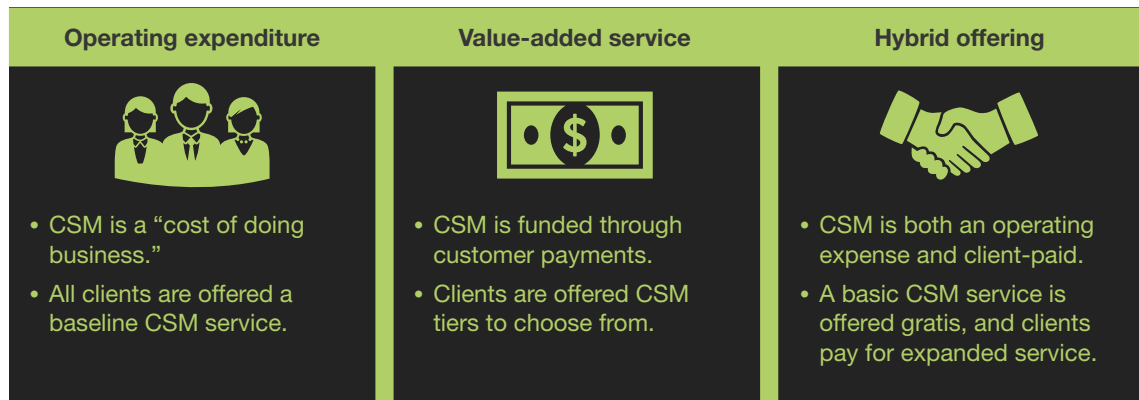
**5. A Funding Model That Reflects The Value CSM Provides**

Businesses building customer success groups must decide if CSM is something all clients need, something that should be limited to a subset of clients, or something in between. Expansive customer success services can have significant costs in terms of manpower and technology. How should CX pros help their businesses decide how to pay for the CSM personnel and infrastructure?

- › **Confirm how the business wants to categorize its clients.** Customers aren't all equally important, especially in a B2B context, so executives often identify their high-value and strategic customers. This is important to CSM leaders because businesses frequently choose to provide those clients a different level of service. For example, Vindicia realized that a small percentage of its clients generated the most revenue and wanted to build stronger relationships through a trusted advisor role. So, its success directors cover the 20% of the customer base that accounts for 75% of the company's revenue.
- › **Decide the minimum support levels for each client tier.** CSM leaders need to establish the baseline level of support they will provide to all clients. From this foundation, they can decide what additional capabilities to add for higher-value or strategic clients. Apttus' basic customer support level — called "Standard Support" — gives all customers basic access to technical support, the Apttus Community Portal, and a pool of CSMs. The level of customer success engagement and access to technical resources increases as customers invest in the "Premier" and "Premier Plus" support tiers.
- › **Determine whether to charge clients for CSM.** There are essentially two paths for funding CSM groups: bundle the cost into the overall product price or make CSM its own billed service. How businesses do this depends on their philosophy on the value of the core CSM service. Sprinklr, for example, runs its CSM program as an operating cost — taking less of a profit margin on the product — because it wants to demonstrate that it's "investing in the customer." Most of the companies we spoke with take a hybrid approach, running the basic CSM service as an operating cost and charging for higher-value services (see Figure 8).

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**FIGURE 8** Companies Choose One Of Three Models To Fund CSM Groups**Recommendations****When Building A CSM Group, Start Small**

A robust customer success organization takes a lot of resources. Many of the groups Forrester studied account for 10% to 15% of their companies' workforce. However, CX leaders looking to demonstrate the need for these groups can't start at the level of an established CSM function. To prove the need for and benefits of these groups, Forrester recommends CX leaders:

- › **Identify a business area that can benefit from CSM.** CX leaders helping to develop CSM functions should look for customer groups that would see immediate value from higher-touch engagements. For example, when BMC started its customer success function, it focused on its top 35 customers. To do this, CX leaders need to segment the customers based on their value to the business. Once high-value clients are identified, CX leaders can employ their research skills to understand what types of support these clients need to stay engaged.
- › **Form a hypothesis for a healthy customer relationship.** Customer research will help CX and business leaders determine the types of interactions different customer cohorts need. SAP, for example, understands that a clear majority of its cloud services customers want a hands-on relationship that provides the client assurance that they're getting value. This hypothesis should be expressed in the services this pilot CSM group will provide. A nascent CSM function at a marketing automation company focused on finding issues in its biggest clients whose fixes would, in a cascading fashion, benefit all other clients.
- › **Leverage existing staff to build out the team.** Instead of stalling the pilot to hire a new workforce, we see nascent CSM groups convert customer-service-oriented employees to success managers. For example, a communications infrastructure company built its CSM function by transforming

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its account management group. When doing this conversion, CX leaders and their business counterparts must recognize that the team may not be skilled enough to deliver all elements of the success program. A technical support agent, for instance, may not be good at relationship management. So, in this early phase, the services these new success managers provide must match their abilities.

- › **Create reports that show the value of CSM.** CX leaders must help their CSM counterparts develop a metric that indicates success management is having the desired business effect. This is where customer health assessments are useful. These weighted account scores link a quality customer experience to business benefits like retention and account enrichment. CX leaders can help CSM teams identify data sources that will test their hypothesis on what makes for healthy client relationships.<sup>3</sup> CX leaders can also help fashion this analysis into a readout that is easily consumable for executives and employees alike.

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## Supplemental Material

### Companies Interviewed For This Report

We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

Apttus	Infor
BMC Software	A large enterprise software vendor
Bolstra	A professional services firm
Brainshark	PTC
Bullhorn	SAP
CA Technologies	Sprinklr
Cludo	VersionOne
A construction project management software developer	Vindicia
Customer Success Association	Waterstone Management Group
David Lahey	Yesware

## Endnotes

- <sup>1</sup> A LinkedIn job search for “customer success manager” conducted on April 10, 2018, revealed 44,110 open positions.
- <sup>2</sup> For its 2018 event, Gainsight anticipates more than 5,000 attendees. Source: Gainsight (<https://www.gainsight.com/pulse/>).
- <sup>3</sup> For more information on how to build a customer health assessment, see the Forrester report “[How To Build A Viable B2B Customer Health Assessment](#).”

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