



The Essential Guide  
to an Outstanding

# Customer Success Strategy



By **Philipp Wolf**, Founder & CEO of Custify

With special contributions from:

Mikael Blaisdell

Jennifer Chiang

<b>1.0. What Is Customer Success?</b>	<b>4</b>
1.1. Why Do You Need Customer Success?	6
1.2. What Customer Success Is Not	8
1.3. Examples of Companies Before & After Customer Success	10
1.4. The Challenge in Building a Customer Success Strategy - by Mikael Blaisdell	16
<b>2.0. Don't Confuse Responsibilities and Roles</b>	<b>19</b>
2.1. Customer Success vs Customer Experience	20
2.2. Customer Success vs Customer Support	22
2.3. Customer Success vs Account Management	23
2.4. Customer Success vs Customer Satisfaction	24
<b>3.0. Analyzing the Customer Journey &amp; Lifecycle</b>	<b>26</b>
3.1. Identifying & Mapping Customer Touch Points	27
3.2. How to Optimize Customer Touch Points	30
3.3. The Problem with Touch Points and the Customer Journey	38
3.4. Turning Touch Points into a Customer Journey	40
<b>4.0. Customer Success Strategy Tactics &amp; Workflow</b>	<b>44</b>
4.1. Segmentation	45
4.2. Onboarding	48
4.3. Customer Account Overview	51
4.4. Killing Churn 101	55
4.5. Renewals	62
4.6. Proactive Outreach	64
4.7. Upsells and Cross-sells	66
4.8. Playbooks and Customer Success Automation	71
4.9. Offboarding - A Gold Mine Many Ignore	77
<b>5.0. How Do You Measure Customer Success?</b>	<b>80</b>
5.1. Building a Case for Customer Success: Does CS Bring ROI?	81
5.2. Customer Success Metrics & Internal KPIs - by Jennifer Chiang	90

# 01

## What Is Customer Success?



*Customer Success is not a department: it's a business philosophy on how organizations should conduct themselves if they want to succeed. Modern companies no longer sell products and services, they sell long-term relationships that maximize their customers' lifetime value.*

**Irina Vatafu**  
Lead Customer Success Manager  
at Custify

Customer Success was initially introduced with the rise of the subscription-based business model. Since then, however, thanks to its transformative nature, it has successfully been implemented by companies that sell one-off products and services and non-tech companies as well. It's now one of the biggest buzzwords in B2B, and it's only getting more popular.

That's because **customer success is not just a business function - it's the way you should conduct business**. The philosophy is simple: your success depends on your customers' success.

When you ensure your customers are successful in their day-to-day activities, your business will also become successful. On the other hand, if your customers don't achieve success in their relationship with you, your business will also suffer.

While success looks different for every business, at the end of the day, customer success is an advanced form of client management whose main goal is to align client and vendor objectives in order to **achieve improved results and revenue for both sides**.

---

**“** Beyond helping your clients meet their goals, customer success should be directly tied to increasing the profitability of the company. Otherwise, you will inevitably find senior management teams deciding that they can improve retention by optimizing the knowledgebase or user interface - thereby saving money. This has happened so many times over the years, with the result that the entire CS group gets wiped out.

*Another inherent flaw in limiting the scope of the CS team is that the customer doesn't always know what the product can do for them and so may not include major aspects in their list of desired outcomes. It is the role of the CS group to not only help the customer achieve their desired outcomes but also to advise them of options that they may be unaware of in their use of the product.*



**Mikael Blaisdell**

Analyst. Advisor. Executive Director - The Customer Success Association

## 1.1. Why Do You Need Customer Success?

Because the market has changed. In the past, companies would sell a product and make a profit. They didn't really have a relationship with the customer unless they came back for help.

Nowadays, however, instead of selling one-off products and services, many companies offer subscriptions. And not just software companies - there are subscription-based businesses in the food industry, education industry, even libraries and gyms. That's because this business model is a powerful tool for growth when executed right. However, it also comes with its own challenges, the biggest one being that businesses now need to provide continuous value.

This is where Customer Success comes in - it **helps subscription-based businesses create relationships with their customers** that ultimately lead to [customer stickiness](#).

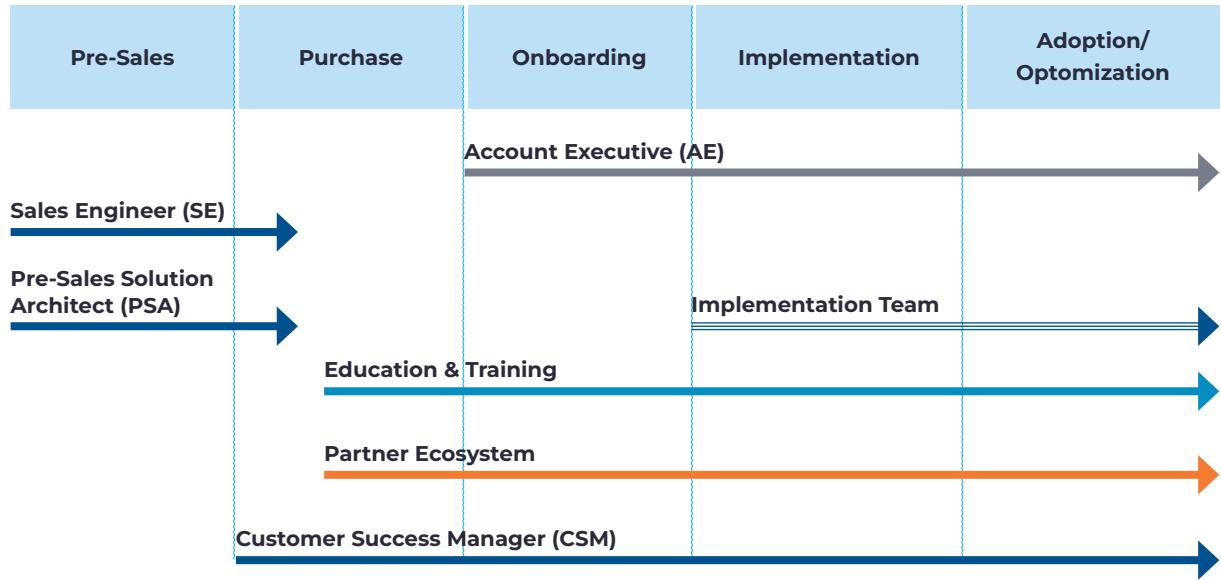
The sooner you realize you're not selling software, features, or services, you're actually selling a productivity relationship and a profit relationship over time and you need to learn how to sell a relationship and not a product, the more chances your business has of becoming successful.

Beyond the financial factor, however, by using Customer Success tactics and tools, businesses can also **gather insights on how customers are using their products**, so they can improve them (this applies to SaaS companies in particular).

In the past, if someone bought accounting software, for example, you wouldn't know if they're actually using it, when they're using it, how they're using it, whether they're happy or, on the contrary, replaced your software for a competitor's.

Now, Customer Success makes it possible for companies to gather these insights and enables them to proactively reach out to customers and offer help. This is how you provide continuous value.

Another thing to keep in mind is that, compared to when Customer Success first emerged as a business function, today it's introduced earlier in the relationship with a customer. For example, back in the day, the CS department was usually introduced at the same time as the Support department. Over time, however, it started creeping in earlier and earlier.



The ideal scenario is the one where **CS is involved from even before the contract is signed**, leveraging their knowledge during the sales process. That's because the more complex a product is, the more you need the handover between departments to go as smoothly as possible.

In fact, there's not even a handover per se anymore; the CS team is there with the Sales team from day 1, so you don't have to rely on Sales to convey important information because the CS team was involved in all the discussions and already has the necessary data. At some point, Sales just fades into the background, and Customer Success owns everything.

Last but not least, today, it's common for the **Customer Success team to have veto authority over new product features and even over the sales pipeline** - CSM's can say 'these customers don't fit our model, they're likely to churn' and the organization

can decide not to sign those clients. Or even earlier, when the Product Marketing team launches a new marketing campaign, the CS team can point out whether they are pitching to the wrong prospects.

Ultimately, you need to realize that **Customer Success is an investment**. Everyone has a Customer Acquisition Cost - most companies define it in the beginning, and they never look at it again. But have you ever thought about the fact that you also have a Customer Retention Cost? What are you willing to do, and how much are you willing to spend to defend your revenue stream?

When you think about Customer Success this way, it becomes more clear why you need it, as well as what your budget for your Customer Success team should be, so you get the most bang for your buck. **CS is not just another small piece of the puzzle**; it's actually a large one and, if you want to do it right, you have to recode your company's DNA for this.

## 1.2. What Customer Success Is Not

So far, I've talked about what Customer Success is and its benefits. But before I go further, I think it's important you also know what Customer Success *isn't*.



*A well-implemented customer success strategy will increase user loyalty, reduce churn, and improve onboarding. Customer Success isn't a one-off project; it's an ongoing, iterative process where we seek to satisfy – and anticipate – our customers' evolving needs.*



Tal Nagar

Head of Customer Success at [Smore](#)



**a. Customer Success is not a department.** I've mentioned before, Customer Success is not just a business function; it's how you should conduct business. You know that old saying, "everyone's in Sales"? Well, everyone is (or, better said, should be!) in Customer Success. That's because your clients' success depends on everyone in the company, not just the Customer Success Managers.

**b. Customer Success is not churn reduction.** Yes, the main benefit of Customer Success is that it helps you reduce churn, but that's not what you should focus on. Churn is just the effect - you should focus on the cause and eliminate it before it becomes a reason for churn. Making promises and giving discounts to keep customers from leaving you is not Customer Success.

**c. Customer Success is not 'checking in' with customers.** You can't rely on reaching out to your customers to ask them if they're stuck and hope that they'll reply. They might not even know they have a problem! Instead, you should reach out with a solution to a problem you already identified they have.

**d. Customer Success is not hand-holding.** In order to ensure your customers achieve their Desired Outcome, you need to understand them, understand where your product fits in their daily life and what they're trying to accomplish. If you think they're stupid because you need to babysit them while they're mastering key functionalities of your product so they can gain value, you need to remember that that's not why they bought your product. They started a relationship with you because, ultimately, they think that you can bring them closer to their Desired Outcome. If you're really doing everything in your power to ensure your customers are successful but still feel they just don't get it, maybe they're just a bad fit, and you should focus on acquiring other types of customers.

**e. Customer Success is not product usage.** Active Users is just a vanity metric. If you think your customers won't churn just because they're actively using your product, you're wrong. Who knows, maybe they're also actively looking for an alternative or building one in-house. Customer Success is about your customers achieving their

Desired Outcome through their interactions with you; product usage is an important factor you should consider, but, by itself, it won't determine whether your customers are successful.

**f. Customer Success is not Customer Happiness.** This one is similar to the previous point - just because customers are happy doesn't mean they won't churn. Sure, they might have a harder time leaving you than unhappy customers, but that's about it. If they aren't successful, meaning they don't achieve their Desired Outcome, they will churn regardless of whether they're happy or have a great relationship with you. Remember, happiness is subjective; success is quantifiable.

**g. Customer Success is not a magic tool.** Yes, Customer Success is transformative, but that doesn't mean it's the solution to everything. Let's take customer fit as an example - if your product is a bad fit for a segment of your customers, no Customer Success tactic can prevent them from leaving (and, actually, you shouldn't prevent them from leaving). Being customer-centric is important, but so are other aspects of your business.

### 1.3. Examples of Companies Before & After Customer Success

If implemented correctly, here's what you can expect to happen if you put your Customer Success strategy into action (these are just a few case studies of our customers before and after implementing Customer Success and Custify into their organization):

#### a. You Can Improve Your Onboarding Process

A high-level B2B social media SaaS company faced some urgent challenges:

- **Their onboarding process was inefficient** - the team didn't always have a clear understanding of their most important leads (trial users), so the lack of insights meant they couldn't optimize trial conversions
- **They had a limited ability to segment customers** by product interactions, lifecycle, or product satisfaction; every client was treated the same, regardless of their contract value or other characteristics
- CSMs were **spending too much time chasing clients or fielding replies**, which meant the team was reactive rather than proactive
- **Account reporting was hard and time-consuming** and wasn't being done on a regular basis, which meant Management couldn't see the value of Customer Success and was debating whether they should drop it.

After analyzing their case, we worked with them to adapt a Customer Success strategy focused on automation and customer data unification. This is what happened:

- **Customer visibility increased** - by identifying KPIs and customer health metrics, the team was able to map out customers' onboarding journeys and identify at-risk accounts
- The team was able to **segment customers** by lifecycle stage, based on set KPIs, which meant they could identify which customers needed help and which accounts they needed to prioritize
- **Manual, repetitive actions and communication were automated**, which freed up a lot of time for CSMs to focus on other, more important tasks (like higher-level interactions that required human touch).

**Final result:** after 7 months of using Custify and implementing a new CS strategy, trial user conversion increased by 28%, customer messaging increased by 300%, and the team increased the number of accounts managed by 150% without hiring additional staff members.

---

**“** By automating customer success operations, we freed up time to focus on dedicated support for our key accounts, which significantly improved our upsell and trial-to-paid conversion rate.



Răzvan Vișan  
CEO - SocialInsider



## b. You Can Solve Growth-Related Challenges

Another marketing and social media SaaS company was facing growth-related challenges, such as:

- **Limited ability to segment customers** based on their onboarding stage, product usage, and adoption
- **Lack of clear visibility over the onboarding process:** who is stuck, who needs help, who isn't able to fully experience the product value
- **Slowed down processes** because everything was handled manually, which was frustrating to both their clients and the team
- There was no way to track client success through each step of the onboarding process.

After working together to set a new strategy focused on onboarding optimization and lifecycle tracking, this is what happened:

- They automated many of the manual, repetitive daily tasks
- By properly **segmenting customers**, they've improved their communication strategy to better address client needs and could then easily focus on customers who were at risk of churn, who have failed to properly adopt their solution, or on clients who were ready to upgrade to a higher tier
- They've **improved user adoption** - they were able to better understand which

channels clients are coming from, what features they were using within the Growth Engine platform, and how well they were engaging with each product feature

- They have **streamlined their onboarding and lifecycle visibility.**

**Final result:** months after following this new strategy, they were able to increase the number of clients (from 30 to 100) with each rep being able to assist more clients (so they didn't need to hire more CSMs), proactive outreach was increased through automation, which freed up time for the team to focus on the things that mattered most to their clients, and client communication was more relevant and efficient due to the refinements in targeting.

### c. You Can Improve Customer Retention

Another organization in the Human Resources Management industry wanted to **improve retention** but was lacking the actionable insight from their customer data. Although they had many sources of customer data, they were disconnected, so the team had few opportunities to analyze and act on the data in a useful way.

They wanted a solution that could help them **reduce and control churn**, so they used customer success to try to turn their customer data into proactive daily tasks for reducing defection. Their results:

- They managed to **prioritize tasks** and engage the right customers at the right time and make a bigger impact without hiring more staff
- Thanks to having a rich context about the health of their customers, **outreach was more effective**
- By using a Customer Success tool, the team was able to reduce chaos and **follow a more structured workflow**

**Final result:** 4 months into following this new strategy in correlation with a customer

success tool, they have reduced their average monthly churn by 24% and stabilized their retention rate.

#### d. You Can Scale Client Accounts

Customer Success tactics can work just as well for organizations that are not in the SaaS industry. For example, a cybersecurity company was facing the following:

- The CS team lacked a simple, easy-to-understand platform that would enable **powerful customer experiences**
- The Customer Success team **struggled to scale their processes** as the number of customers and team members grew
- The team's **internal health score tool lacked predictability**
- Although maintaining a high level of customer satisfaction was a company-wide goal, both CSMs and Management were **slowed down by a lack of analytics and appropriately weighted customer metrics.**

So they decided to use a Customer Success tool that could help them gain the customer visibility they needed. Here's what they accomplished:

- **Centralize Customer Success efforts** and present data in an easy-to-understand format; this helped the team stay organized but also provided a workspace for CSMs and Management to see results
- **Scale the team** – by reducing their reliance upon non-CS oriented tools, the team was better equipped to scale
- **Identify and weigh customer health metrics**, which allowed the team to anticipate changes in a customer's lifecycle and to proactively engage
- **Increase predictability in retention efforts** – with customer data dispersed across several platforms, the team was more reactive than proactive; by better gauging the metrics that impact a customer's health and their likelihood to renew, the team could identify churn risks.

**Final result:** after 18 months, the organization's leadership had increased visibility over team activities and outcomes, customer conversations became more predictable, the team's efficiency and productivity increased, and, as a result of increased retention, the ROI of the CS efforts could also be easily measured.

### e. You Can Achieve More Productive and Profitable Customer Engagements

Usually, customer-centric companies don't want to discriminate between customers and deliver excellent service to everyone. However, this is not always possible (or profitable), which is why many of them settle for a hybrid approach - high-touch service for enterprise customers (or the highest paying customers) and low-touch, automated service for SMBs.

This was also the case for a company in the software industry, whose customer base grew in size and complexity, so their Customer Success team could no longer reasonably service all their customers with the same level of attention.

To solve this issue, the organization **segmented their customers based on complexity and contract value:**

- high-touch - larger contracts and more complex needs
- low-touch - smaller contracts and straightforward implementations
- short-term - accounts with a short runway and intense short-term needs
- strategic - accounts that have a strategic value to the business.

It's important to keep in mind that when you segment your customer base this way, it doesn't mean you're ignoring a big chunk of your clients. It's only about spending less time on mundane tasks and offering the level of service that matches best customers' needs and their value to your business.

# 1.4

## The Challenge in Building a Customer Success Strategy

by Mikael Blaisdell

CS Analyst, Advisor &  
Executive Director of  
[The Customer Success](#)  
Association



The growth in customer success groups has been skyrocketing since 2012 all across the organizational landscape and all over the world. There are many reasons for a company to design and build a customer success group.

The investors in the company may have required it in order to be considered for further funding. Competitors may have established their own groups, prompting the senior management team to follow suit. Or the CEO may have been inspired by commentary in the trade press about the importance of having a manifest strategy for ensuring customer retention and expansion throughout the customer lifecycle.

Whatever the initial motivation, **the challenge is to integrate the customer success role into the overall corporate strategy** as regards to both product definition and profit generation.

Unfortunately, the typical procedure that most companies take is to advertise for a customer success executive to be brought on to do the whole job of designing and building the new CS group.

This approach has a very high failure rate for two main reasons. Either the senior management team will come to realize that there is much more to customer success than they had originally thought and that the person they hired is not a good fit for what really needs to be done, or the new CS exec will realize that the company is not really as committed to implementing a comprehensive customer success strategy as they should be and will therefore leave to find a more appropriate professional environment.

**The cost for this exercise in lost profitability and time is largely hidden, but it is very substantial, especially where the same process is done 3 or 4 times over.**

The most appropriate and effective procedure is to begin by retaining a veteran customer success consultant to work with the senior management team to, in effect, recode the company DNA for customer success.

- How will the customer success group be directly tied to company profitability?
- What is the relationship of the customer success team to the definition of the company's product?
- If the company is willing to spend a certain amount of money to acquire a customer (CAC), what is the amount to be budgeted for retaining and expanding that income stream every year?
- Where and how will the company communicate with its customers? Which aspects should be handled directly by humans and which may be automated?

*These and a host of other points are all part of the questions of customer success that should be thoroughly researched, discussed, and decided before attempting to hire a CS leader to execute the strategy.*

*A list of the Questions of Customer Success can be found in the Customer Success Library section.*

# 02

## Don't Confuse Responsibilities and Roles



*Customer Success is something that helps drive a better customer experience. It's what happens after the sale to ensure the customer is going to get the best results from whatever you sell them.*

**Shep Hyken**

Customer Service and Experience Expert,  
NYT Bestselling Author

In the previous chapter, I've defined Customer Success as a proactive effort a business undertakes in order to ensure its customers are successful. This usually means that clients are using the product in their day-to-day activities and get value from it.

By helping customers become successful with a product, businesses ensure their customers stick around. That's because Customer Success practices inspire customer loyalty, which translates into lowered churn rates and a growing monthly recurring revenue (MRR).

As Customer Success is a holistic approach, some practices can blur the lines that differentiate it from other job roles. So before we go any further, I'd like to explain how it differs from them.

## 2.1. Customer Success vs Customer Experience

**Customer Experience (CX)** is also a newer function, which somewhat explains why many confuse it for **Customer Success** (as both disciplines mature, there are more and more areas where they overlap). While both focus on how customers use the product, they do it from different perspectives.

CX is focused on how the user experience can be simplified, so customers use the product more; it's a business perspective. Customer Success, on the other hand, focuses on why customers use a product and leverages data to help them be more successful; CS teams think from both the company and the customer perspective.

Another difference is where each team's job starts - Customer Experience starts before the buying journey starts, while the Customer Success team typically gets involved after the purchase is made.

Customer Experience is broader and more conceptual than Customer Success.

CX is also more literal, like “*we’re improving customer experience by doing this and this*”, whereas CS is more like “**our customer success efforts are improving what our customers get from our product and the experience they have across their interactions**”.

Customer Success	Customer Experience
<b>Helping customers use your product to solve a problem for themselves or their business</b>	Making sure customers are satisfied every time they interact with your company (at every touchpoint)
<b>Proactive, closely tied to the product, focused on helping customers get value</b>	Interactive, focused on creating a product that leaves a positive impact on your customer
<b>Product-driven, focused on maximizing the value customers get out of your product</b>	Experience-driven, focused on attracting new customers and keeping a great relationship with them
<b>CS gets involved after the customer makes the purchase (or starts the free trial)</b>	CX starts with the customer’s first contact, which can be long before they’re actually a customer
<b>Facilitates onboarding and adoption and prepares for meeting future needs</b>	Manages experiences at every touchpoint
<b>CS is usually measured by CLV, Retention Rate, Churn Rate, Customer Effort Score, and Repeat Purchase Rate</b>	CX is usually evaluated using CSAT, NPS, Customer Acquisition Rate, and Conversion Rate
<b>Prevents churn by assisting customers during renewals, upsells, and cross-sells; helps with business expansion and generating more revenue</b>	Revenue generation is directly proportional to the improvement in CX. Improved CX leads to revenue growth by retaining existing customers
<b>Usually found in B2B and/or SaaS companies</b>	Common across all industries

## 2.2. Customer Success vs Customer Support

This one is quite obvious and easy to understand. Customer Support (or Customer Service) is reactive - the customer reaches out with a problem, and the Support Rep helps them solve it.

**Customer Success** is proactive, meaning the Customer Success Manager analyzes data and proactively reaches out to the customer with a solution before they even realize they have a problem.

In terms of objectives, **Customer Support** focuses on issue resolution and avoidance, while Customer Success focuses on helping customers achieve desired business outcomes. Regarding skills, depending on each product, Support Reps can have hands-on abilities (like basic programming, for example), while Customer Success professionals need a wide range of industry expertise because their role is more consultative.

Customer Success	Customer Support
Proactive and relational	Reactive and transactional
Focused on providing value	Focused on solving issues
Success-oriented and analytics focused	Efficiency-oriented and people-intensive
Revenue center	Cost center
Long-term perspective	Short-term visibility, time-sensitive
Evaluated through Retention Rate, CLV, product usage, Customer Health, Revenue	Evaluated through number of cases, CSAT, NPS, Customer Hold Time

## 2.3. Customer Success vs Account Management

**Account Management** focuses precisely on what the name suggests - managing accounts. Unlike CSMs, they are not necessarily interested in making their assigned clients as successful as possible. Their main goal is account growth and revenue increase (in other words, they focus on upsells and cross-sells).

The sets of skills required to complete each job also differ: while **Customer Success** team members can also be technical, their main goal is understanding how to help customers achieve their goals; Account Managers, on the other hand, need to be deeply technical - they need to understand the product they're selling inside and out to be able to propose product solutions and thus encourage upsells and cross-sells.

Customer Success	Account Management
CS seeks to help customers succeed in their business goals	Account Managers aim to get renewals, upsells, and cross-sells
Proactive	Generally reactive, actions are in response to requests from customers or based on a renewal timeline
Involved at each step in the Customer Lifecycle	Most actions happen near the end of the Customer Lifecycle
CSMs' relationships with customers are more consultative, so they need a wider skillset and access to more resources	Account Managers generally get other departments involved to solve customer requests, so the position doesn't necessarily require a varied skillset
CSMs need a deep understanding of both their product and their customer - how they use it and how it can help them succeed.	Account Managers' skills and training is generally focused on sales
Depending on approach, CSMs are generally in charge of fewer accounts	Account Managers can easily be in charge of a bigger customer pool

## 2.4. Customer Success vs Customer Satisfaction

Last but not least, **Customer Success** does not equal **Customer Satisfaction**.

Although customer happiness is a prerequisite for success and CSMs use different tools (like NPS, for example) to determine how satisfied customers are, there's a difference between giving customers what they want and giving them what they need.

Customer Satisfaction stops at giving clients exactly what they ordered, trusting they are always right. This works well for starters, yet Customer Success goes beyond that! CSMs take a step back, look at the bigger picture and come up with a strategy that will make customers successful (and therefore, satisfied) long-term. They also offer their expertise and not just their time.

Customer Success	Customer Satisfaction
<b>Customer Success helps build and strengthen relationships with customers by ensuring they achieve the expected outcomes when they're using your product</b>	Customer Satisfaction is about the practical procedure of achieving goals and delivering value
<b>Proactive, predictive; a Customer Success tool can help you determine whether a client needs your help so you can reach out</b>	Reactive, responsive; the Customer Satisfaction rate depends on how satisfied clients are with your response
<b>Analytics-oriented</b>	People-oriented
<b>Metrics to measure Customer Success: churn, ARPA, CLV</b>	Metrics to measure Customer Satisfaction: NPS, CSAT, CAC

In my experience, I see many businesses confuse Customer Success with something else, or struggle with determining the exact responsibilities of each department. So here is a side-by-side comparison of all the business functions above:

<b>Customer Success</b>	<b>Customer Experience</b>	<b>Customer Support</b>	<b>Account Management</b>	<b>Customer Satisfaction</b>
<b>Proactive, oversees the entire customer journey</b>	Present at every step in the customer journey	Reactive, issues are solved as they arise	Only involved when/ if issues arise and during renewals	Reactive, requests are solved as they arise
<b>Revenue-driven (CLV, ROI, ARPA, CRC, MRR)</b>	Experience driven	Cost center	Revenue-driven (renewals, upsells, cross-sells)	Cost center
<b>Closely tied to product</b>	Experience driven	Satisfaction driven	Goal driven	Satisfaction driven
<b>The entire organization is involved</b>	The entire organization is involved	Owned by the Support Department	Owned by each Account Manager	The entire organization is involved
<b>Helps optimize every step in the customer journey</b>	Ensures customers have a good experience throughout the entire customer journey	Provides support whenever issues arise	Facilitates issue/request solving with the help of other business functions	Gets involved as queries arise

---

**“** Customer Success is to ensure your company becomes the customer's first choice; it's measured by the business value your customers get from using your products or services.



**Hakan Ozturk**

Author of "How to Become a CSM" & Founder of [DrivingCustomerSuccess.com](http://DrivingCustomerSuccess.com)

# 03

## Analyzing the Customer Journey & Lifecycle



*When creating your first CS strategy, keep it simple, really understand what the problem you're trying to solve is. What is the customer actually trying to achieve? What challenge are they trying to solve? And most importantly, how are they evaluated by their manager? Because, in the end, everything is connected to the larger company goals, and everyone needs to be accountable. The value your product provides helps them in their day-to-day job.*

**Peter Sterkenburg**  
Business Operation Manager,  
Customer Success at Smartly.io

### 3.1. Identifying & Mapping Customer Touch Points

Stages	Awareness	Consideration	Decision	Retention	Loyalty
Steps	Your customers are aware of your product or service, or they're aware that they have a need you might cover	They're aware that your product or service could fulfill their needs, and they're evaluating if you're a fit.	They've decided and they are ready to make a purchase	Your customers think that your product is good and they perceive the value it brings them	They keep coming back to your product and they also refer it to their acquaintances on a regular basis
Touchpoints	SEO, paid social and paid ads, Blog content, Word of mouth, Press	Website visits, Organic social media, Product demos, Case studies	Reviews, Branded content, User experience, Sales team interaction	Testimonials, Customer surveys, Product feedback surveys, Email campaigns	Organic social media, Customer surveys, Customer loyalty programs
Team					
Marketing	✓	✓	✓	✓	✓
Product		✓	✓	✓	✓
Sales			✓		
Customer Success			✓	✓	✓
Design/UX	✓	✓	✓	✓	✓

**Any moment of contact with your customer is a touch point.** These interactions have a significant impact on customers' experience and brand perception, so you need to pay special attention to each customer touch point that you set up. That's because, on average, it takes seven interactions with your brand before a purchase will take place.

Whether it's from a marketing perspective (to raise awareness and build consideration) or from a Customer Support perspective (to increase retention), customer touch points are key to understanding your customers and how they

perceive your brand. And in order to improve your Customer Experience, you need to learn how they interact with your company. That's where mapping your customer touch points comes into play.

**Touch point mapping is the perfect tool that can help you visualize and understand your customer journeys** and what drives your customers toward loyalty or defection. A good interaction keeps them happy and satisfied, while a poor interaction could lead them to stop doing business with you. Businesses that improved their customer journeys saw a [revenue increase as much as 10-15%](#) while also lowering the cost to serve by 15-20, which is probably why [88% of companies started prioritizing Customer Experience in 2021.](#)

---

**“** Setting up milestones for the first year of clients working with you is a great starting point for mapping touchpoints. Make it broad, and then, as you get more close with your customers, one on one pivot and branch off for more specific engagement actions. The end goal is to map customer engagement based on their specific use case and goals.



**Dana Alvarenga**

VP Customer Experience at SlapFive & Co-Host of CustomerX Therapy Podcast

---

## How to Identify Customer Touch Points

One of the best ways to identify your customer touch points is by tracking Lifecycle and Customer Journey phases in your CRM or [customer success software](#). Not only will this help you pinpoint critical stages with precision, but it will also help you see which of those touch points frequently turn into friction points or churn reasons. Needless to say, you should always know the stage each customer is at on their journey.

For each step in the Customer Journey, there are different touch points opportunities:

1. **Awareness Stage:** SEO, paid social and paid ads, blog content, word of mouth, press
2. **Consideration Stage:** website visits, organic social media and community management, product demos, case studies, onboarding
3. **Decision Stage:** reviews, catalogs, tutorials, branded content, user experience, success stories, sales team interaction
4. **Retention Stage:** product value, success stories, testimonials, thank you letters, customer surveys, product feedback surveys, customer support interaction, email campaigns, upselling/cross-selling emails, billing actions
5. **Loyalty Stage:** customer success interactions, organic social media and community management, customer surveys, product feedback surveys, thank you letters, subscription renewals, webinars, success stories, email campaigns, customer loyalty programs.

Optimizing each and every touch point in the Customer Journey brings you closer and closer to the peaks of Customer Success. For example, if you have a complex product and you know your customers will have many questions during onboarding, you can optimize the onboarding process by implementing several different methods customers can get in touch with you (such as live chat, phone call, WhatsApp, booking a meeting, or others).

## 3.2. How to Optimize Customer Touch Points

### a. Optimize Your Product Pages

While this is not technically a CS issue, it does impact the user's future experience with your product. Many landing pages are written assuming the visitor is already familiar with the product. But this is inefficient and confuses new visitors, as they'll have to dig their way through the information. It will also push them to either reach out to support / sales, creating extra load or, worse, they will leave and never come back.

Optimized product pages are crucial for successful sales, as they're one of the most important touch points that will eventually lead to conversion. Make sure to include nuggets of valuable information such as features, benefits, or expected results from using your product.

Here are just 4 of the different products HubSpot has to offer and how they've highlighted their features:

The landing page is titled "Get Started With HubSpot". It describes HubSpot as a complete CRM platform with tools for increasing leads, accelerating sales, streamlining customer service, and building a powerful website. It features four main product sections:

- Marketing Hub™**: Features free email and forms, and premium marketing software for growing traffic and leads. Buttons: "Get started free" and "Get a demo".
- Sales Hub™**: Features free sales CRM and premium sales CRM software for closing more deals. Buttons: "Get started free" and "Get a demo".
- Service Hub™**: Features free help desk tools and premium customer service software for first-class support. Buttons: "Get started free" and "Get a demo".
- CMS Hub®**: Features premium content management software for building a powerful website that converts. Buttons: "Start 14-day free trial" and "Get a demo".

## b. Optimize Your Pricing Pages

Another important aspect to consider when optimizing your website is making sure you're transparent with total costs, different pricing plans limits, and available features for each.

Communicate your costs and features offered clearly on your website, so your customers know exactly how much they're paying and what they should expect to receive.

Here's a great example from Spotify – their tactics are largely applicable to other businesses too:

The screenshot shows the Spotify 'Pick your Premium' landing page. At the top, it says 'Pick your Premium' and 'Listen without limits on your phone, speaker, and other devices.' Below are four pricing options:

- Individual**: £9.99/month after offer period. 1 account. Features: Ad-free music listening, Play anywhere - even offline, On-demand playback. GET STARTED button.
- Duo**: £13.99/month after offer period. 2 accounts. Features: 2 Premium accounts for a couple under one roof, Ad-free music listening, play offline, on-demand playback. GET STARTED button.
- Family**: £16.99/month after offer period. Up to 6 accounts. Features: 6 Premium accounts for family members living under one roof, Block explicit music, Ad-free music listening, play offline, on-demand playback, Spotify Kids: a separate app made just for kids. GET STARTED button.
- Student**: £5.99/month after offer period. 1 account. Features: Special discount for eligible students in university, Ad-free music listening, Play anywhere - even offline, On-demand playback. GET STARTED button.

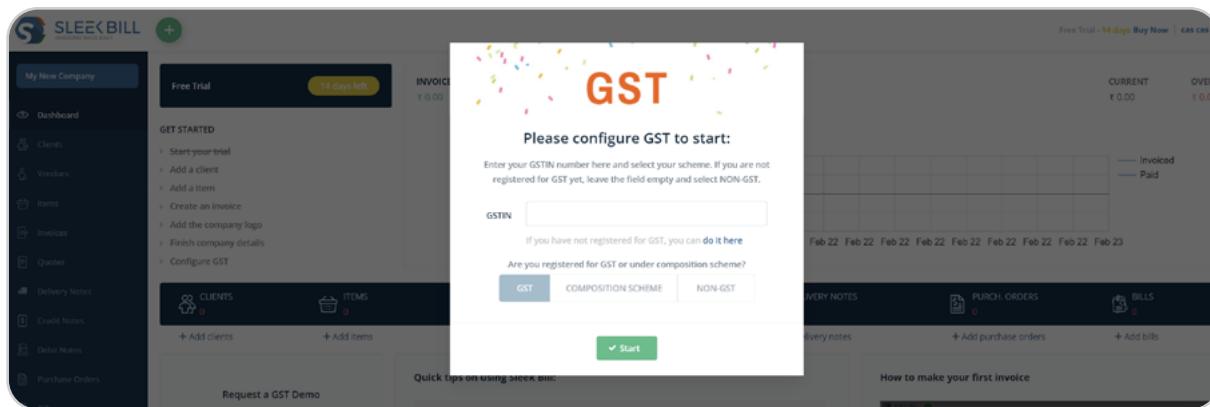
At the bottom of each plan section, there are terms and conditions notes and payment method icons (VISA, MasterCard, American Express, PayPal, +3 more).

## c. Optimize Your Onboarding Process

By adopting a better user onboarding process, you can boost customer success.

By making yourself available through every possible channel and offering guidance, resources, and support, you can get customers to succeed and activate faster.

Onboarding is crucial in your customer success strategy, and we'll go far more in-depth in the next chapter where we discuss workflows and various approaches. An example of step-by-step onboarding with multiple guiding resources can be seen in Sleek Bill:



**“** One way I optimize touch points with customers is by setting expectations upfront. During my onboarding process and email cadence, I suggest setting up a weekly check-in call.

After the initial onboarding call, I ensure that this checkpoint is scheduled. For the 30 minute call, I make sure there is a tactical agenda and that we cover the next big thing that will help them become a Rockstar, may it's the completion of an integration or knocking down a metrics-driven goal. I become an extension of my customer's team and work side by side to ensure they get the outcomes they need to succeed.



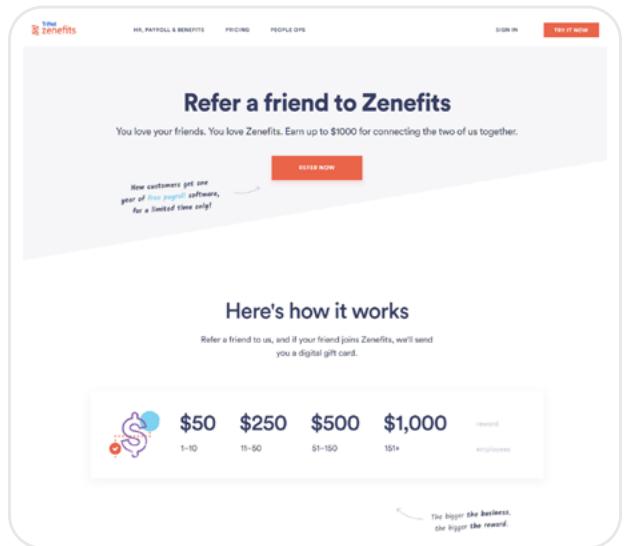
**Dana Alvarenga**

VP Customer Experience at SlapFive & Co-Host of CustomerX Therapy Podcast

## d. Optimize Your Referral or Loyalty Program

When optimizing your touch points for a better Customer Experience, your go-to should be a referral program. Not only does it deliver an incentive for both the referrer and the new customer, but it will also encourage them to share their positive experience with friends and family for powerful word-of-mouth marketing for your brand.

Here's a great example of a referral program from Zenefits:



## e. Optimize Your Social Media Profiles

Your customers should have quick access to your profiles right from your website, and your social media posts should link back to your landing pages. Leverage the right content that can help you complement your social media marketing efforts and drive customer success.

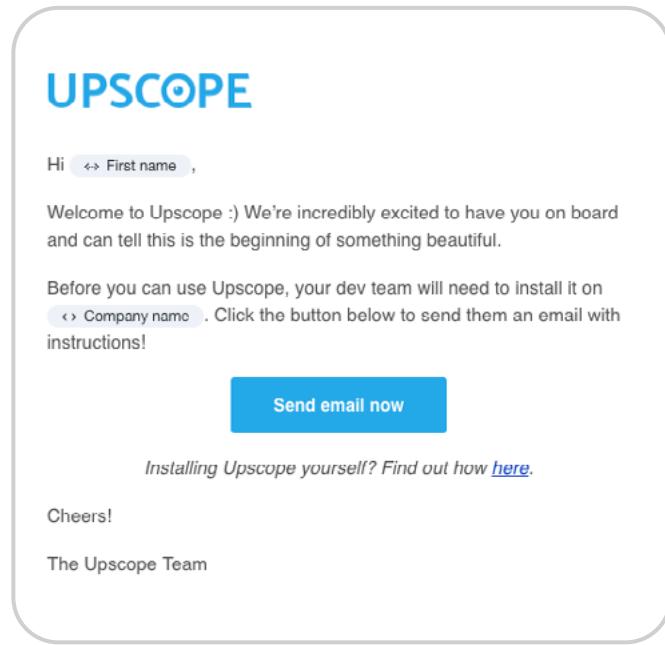
## f. Optimize Your Email Campaigns

Consider email automation as a tool to leverage the benefits of great email campaigns for your Customer Experience strategy and improve every part of the

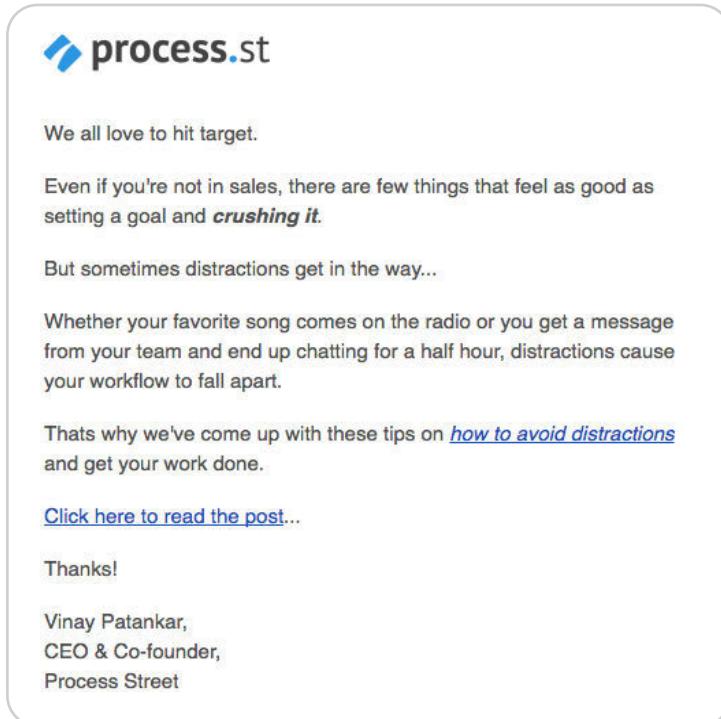
customer success process, from onboarding to upselling.

At the very least, you should have the following 4 types of emails:

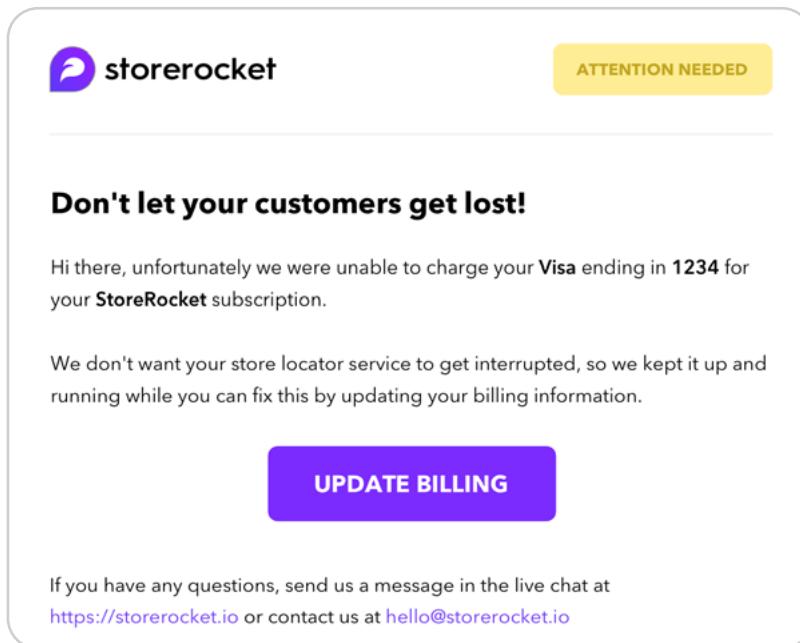
- **Onboarding - example from [upscope.com](#)**



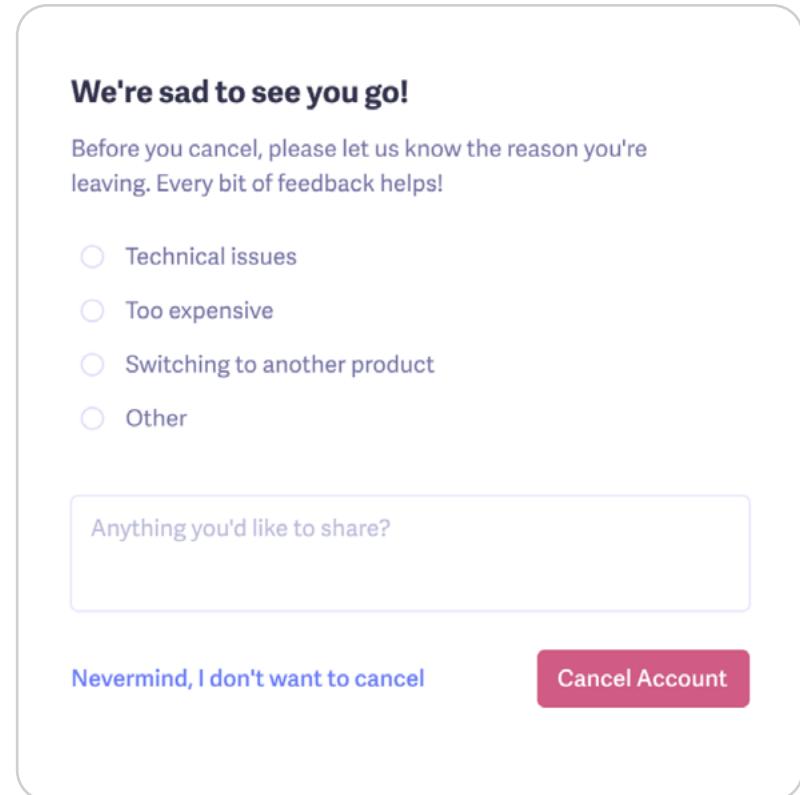
- **Lead nurturing - example from Process Street**



- Churn recovery or prevention - example from StoreRocket



- Offboarding and feedback



## **g. Optimize Your Customer Support Process**

Over 90% of customers are more likely to make repeated purchases from brands that offer excellent customer service. A poor experience with your support service can easily degrade a customer's perception of your brand. So you need to make sure it's super easy for your customers to contact you in case they have any issues.

Furthermore, you need to detect when touch points become friction points and then be the one who initiates the discussion to reach a resolution. One cool way to do this is by setting up a customer success automation that triggers whenever a touch point becomes a potential reason for churn. The specifics here typically depend on your business & customers – but the logic behind it is rock solid.

## **h. Optimize Your Renewal Process**

First of all, make sure your customers are aware that you'll deduct a payment from their account. Sending them an email reminder before can be of big help, especially if they're on an annual subscription plan where it's easy to forget about future payments.

Secondly, optimize your billing update options, so it's easier for your customers to change their information when needed without having to reach out to your support team.

Find more ideas of how to optimize your renewal process [here](#).

Understanding how customers interact with your business is critical to the longevity and prosperity of your relationship. However, you'll never be able to have complete control as the whole touch points scheme is a two-way street and no "pedestrian" is the same as the others.

What you can do instead is optimize each touch point to a satisfactory level and map out your Customer Journey, and then continue to improve touch points as your business matures.

---

**“** To optimize customer journeys, define your ICP, as in really think about the roles. Do your external investigation, look at product usage, look at any kind of analysis that has been done before, any kind of discovery that has been done one way or another, and combine that knowledge and define those roles. Within that, for me, customer success equals customer experience plus customer outcomes.

What value does each person need? Based on that, you can really get into the delivery part and create a customer engagement framework or strategy that outlines who from your side needs to deliver what at what time for the right impact. So it's all about orchestrating that.



**Peter Sterkenburg**

Business Operation Manager, Customer Success at Smartly.io

---

### 3.3. The Problem with Touch Points and the Customer Journey

Even though ensuring your customers are happy every time they interact with your product, Customer Service, sales staff, or marketing materials is important, this siloed focus on individual touch points makes you miss the bigger picture - the customer's end-to-end experience. **Only by looking at customers' experiences along their entire journey will you be able to understand and improve them.**

That's because Customer Journeys include many things that happen before, during, and after the experience of a product; they are long and stretch across multiple channels and touch points. Organizations that fail to consider the context of customer interaction can face negative consequences such as customer defection, dramatically higher call volumes, lost sales, or lower employee morale. On the other hand, organizations that manage to offer a great experience through the entire Customer Journey, from start to finish, register higher customer satisfaction scores and manage to improve sales and retention, reduce end-to-end service costs, and strengthen employee satisfaction.

In today's multi-touch and multichannel consumer markets, where there is a multitude of customer interaction points, **offering consistency of service and experience across channels is utterly impossible unless you are managing the entire Customer Journey** and not just the individual touch points.

Consider the following example told by [McKinsey & Company](#): one media company found itself in a dire situation when its customers were leaving at an alarming rate, few new ones were being acquired in its market, and even their best customers were getting more expensive to retain. Churn, due to pricing and technology, was an increasingly familiar problem. The common methods for keeping customers were expensive, so executives decided to take a closer look at customers' experience. What they found was mind-boggling.

The focus groups revealed that many customers left because of poor service and shoddy treatment over time. The reason this was surprising was because the company had been measuring Customer Satisfaction for years, and each experience scored consistently over 90%. However, the real problem didn't lie in each individual interaction but in the cumulative experience across multiple touch points, channels, and, most importantly, over time, something the company didn't even consider analyzing.

In this example, the onboarding process spanned across 3 months and involved numerous phone calls, web and email interactions, and a visit at home by a technician. Even though each interaction was satisfactory, the average customer satisfaction fell almost 40% over the course of the entire journey. **It wasn't the touch points that were broken but the onboarding process as a whole** - customers reached out to clarify product information, fix problems with an order, or understand a confusing bill. And the only way the company was able to determine the problem was by looking at the entire Customer Journey.

The conclusion is that, often, companies are simply not used to thinking about the journeys their customers take. This alternative approach to focusing on touch points requires an operational and cultural shift that engages the organization across functions and from top to bottom.

## 3.4. Turning Touch Points into a Customer Journey

**Together, all customer touch points form the Customer Journey.** Keep in mind that customers can take multiple different journeys with a brand; there's no such thing as a single linear journey that every customer will take. However, understanding every different journey is key to improving each.

Customer journey mapping provides you with an overview of all the ways in which a customer might interact with your brand, covering how they:

- Research your product
- Buy it
- Use it
- Seek support
- Express their satisfaction or, on the contrary (and all the more important!), their dissatisfaction
- Recommend your product and more.

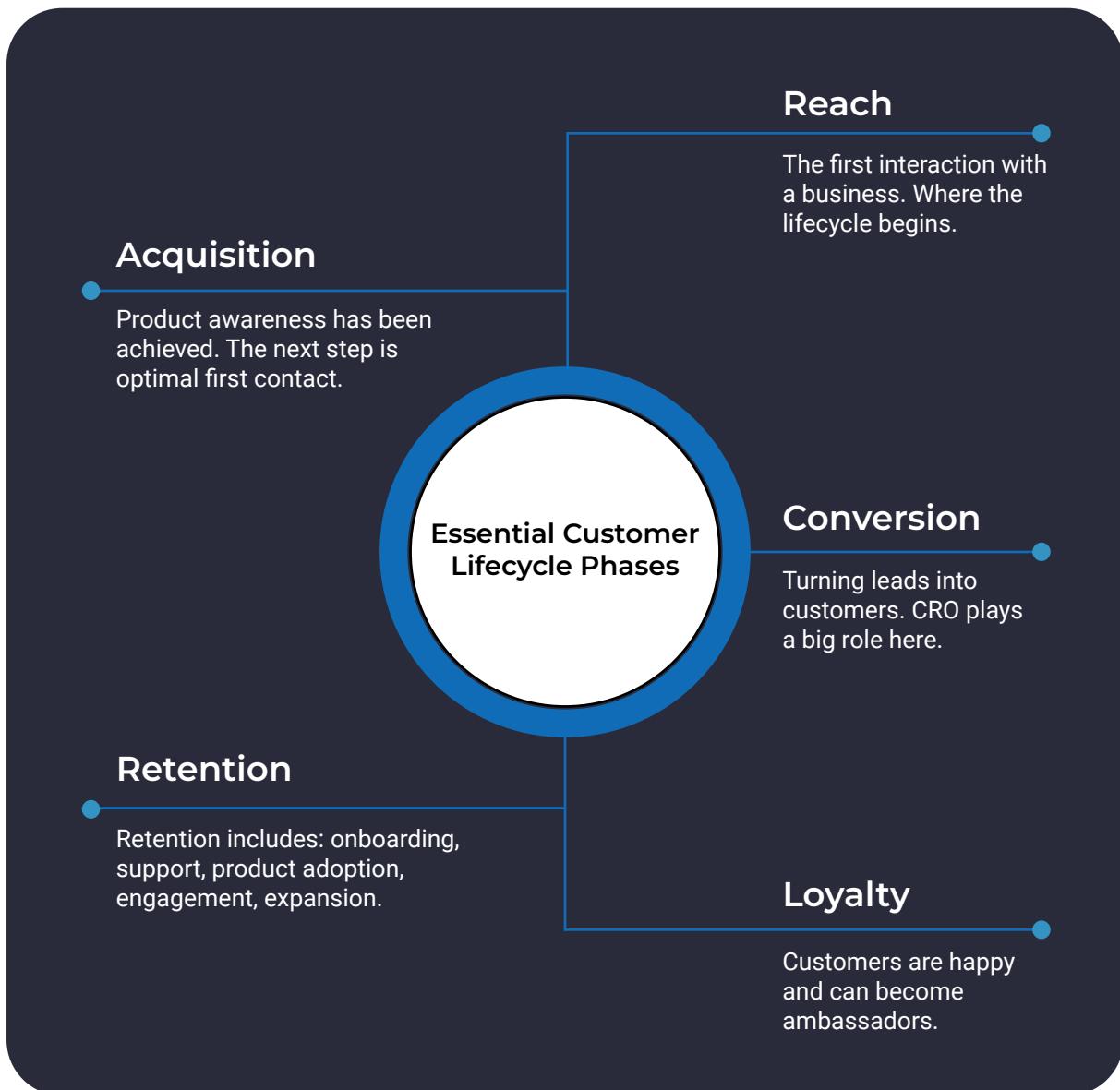
By gathering data at every touch point, you can better understand how each contributes to your customers' overall experience with your product. If you can pinpoint specific pain points along the customer journey, you can then improve the touch points that matter most and ultimately improve win rates, sales, and the Customer Lifetime Value.

Because it's impossible to have a single customer lifecycle model that applies to every single business, experts have settled on a handful of [basic phases that apply to the majority of companies](#):

- reach
- acquisition
- conversion

- retention
- and loyalty.

Because this guide is dedicated to Customer Success, I will briefly touch on reach and acquisition and focus more on Retention and Loyalty.



## **Phase 1: Reach**

Also known as the “discovery” phase or “awareness”, this is where the Customer Lifecycle begins. However, keep in mind that it’s very difficult to pinpoint exactly when a customer has their first interaction with your business as they might not even realize or remember it.

Even so, from a marketing perspective, it’s important to identify the first touch points as accurately as possible so you can determine which of your marketing efforts are most effective and worth your continued investment.

## **Phase 2: Acquisition**

Now that the prospect is aware of your product, it’s time to turn them into a lead by interacting and engaging them. There are various ways to do this (via phone, email, targeted online messaging, etc.), but the most important thing is to not just reach out, but rather make the right contact, at the right time, and with the right frequency. Both overwhelming and neglecting prospects at this stage can push them away; balance is key!

Another crucial aspect to keep in mind is to make sure you know your audience and tailor your message to your buyer persona. By personalizing and targeting your message, you’ll filter out the prospects who aren’t a good fit for your product. This will save you a lot of money and effort later.

## **Phase 3: Conversion**

This is when the lead becomes a customer. Obviously, not every lead is going to convert to a paying customer, and this is where calculating your conversion rate (the percentage of leads that actually turn into customers) and following conversion rate optimization techniques come into play.

$$\text{Conversion Rate} = (\text{Total Number of Sales} \div \text{Total Number of Leads}) \times 100$$

For the prospects that didn't convert into customers, try to determine what alienated them and come up with a strategy to prevent the same thing from occurring in the future.

## Phase 4: Retention

No time to relax yet! Given today's crowded markets, you can still lose your customer to competitors, bad support or product bugs among others.

Several smaller steps comprise this stage.

- onboarding - where most users tend to churn
- support
- adoption (onboarding and lead nurturing)
- engagement (proactive outreach)
- expansion (upsells and cross-sells)

We'll go through them in detail in our next chapter.

## Phase 5: Loyalty

At this stage, customers are not only happy but delighted! Although not every single one of your customers will reach this phase, those who do have the potential of becoming ambassadors: they will recommend your product left and right and leave great product reviews and testimonials (which you need to attract more customers).

Besides reviews and ratings, you can take advantage of customer loyalty by creating a referral program - these types of programs can produce great results.

# 04

## Customer Success Strategy Tactics & Workflow



*Scaling and automation are about finding the right strategies to deliver value to all of your customers, not about finding ways to reduce your contact or touch points.*

**Chris Mitchell**  
SVP & Chief Operations Officer - Notified

## 4.1. Segmentation

When it comes to meeting customers' requests, there's no one-size-fits-all approach. That's because **every customer is different** - they have different needs, budgets, levels of engagement; even their personality can play a significant role. And because they're all different, they all use your product in different ways.

The better you manage to segment your customers, the more insights you'll be able to extract, which will help you make predictions about value realization and renewal likelihood.

Here are a few segmentation strategies you can employ:

- profile-driven (customer high-level characteristics)
- value-driven (\$)
- journey-driven
- a mix of the three above.

So, how do you get started? It all depends on your main objective: is it sending the right message? Selling? Retaining? Creating product stickiness?

Ok, but how do you decide on your main objective? This one is directly tied to your customers' needs, which is why it's so important to know them very well, know what they expect from you and your product and what problem you're helping them solve. Then, you can group customers who face similar problems.

In most cases, a SaaS product will have different plans with different features and only the most expensive plan gives users access to all the features. If this applies to you, you should **segment your customer base and apply Health Scores per each segment**. That's because it's not helpful to assign a Health Score to a feature your customers don't even have access to - the Health Score tied to that feature will

always be 0, which will negatively impact the Global Health Score (the Global Health Score is an average of all the Individual Health Scores)

In fact, you should consider always applying health scoring on specific segments instead of your entire customer base - this will allow you to have a different strategy for each segment (you'll be more specific in addressing customer needs), which will bring in better results.

Here are **more examples** of when it makes sense to have different test scores:

Let's assume your customer base consists of both **SMBs and enterprises**. For the same feature (Open Tasks, for example), you can expect different usage patterns. So, for SMBs, you could define a Health Score where, if they have more than 100 open tasks, they would be unhealthy. For your enterprise customers, however, you could define the same Health Score but flag them as unhealthy if they have more than 1000 open tasks.

That's because, for SMBs, there's probably just one or a few users in your product - they shouldn't have many open tasks. In enterprises' case, there could be tens of people using your product simultaneously, and therefore considerably more open tasks at the same time.

A more advanced way to achieve the same goal is to normalize the number of open tasks and create a new metric that divides that by the size of the account - resulting in a metric "average number of open tasks per user". Equipped with this, you can apply the same measurements to all of your customers.

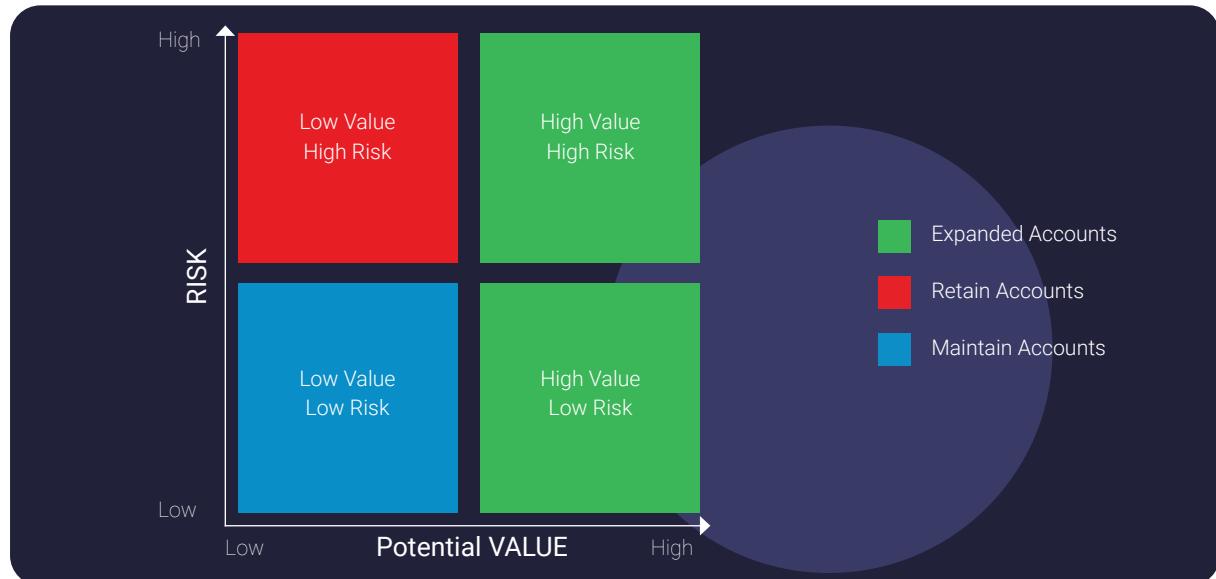
The third example where segmenting your customer base makes sense is for **each stage in the customer lifecycle**. For example, during onboarding, it's unrealistic to expect a new customer to use every single feature your product has. You should narrow it down to a few core features and calculate account health based on that.

Then, when they move to the adoption phase, you could have another set of features you will use in the calculation of your Health Scores (maybe the ones from the onboarding + some extra ones). As users move through the customer lifecycle, the Health Scores will take into account more and more features and KPIs.

Another aspect to take into account is the **customer value brought into your organization**. Do they have a huge expansion potential? Do they have a significant ARR? Do they have a strong brand value? Do they have a potential high advocacy rate?

## But how do you prioritize? Account Prioritization Matrix

Ursula Llabres from Insidesales.com outlined in 2016 an account prioritization matrix, a simple way to use churn likelihood and potential revenue to prioritize accounts.



The matrix is a simple 2x2 square, with risk on one axis and potential value on another. It shows your CSMs which accounts they should be paying the most attention to and what their priorities are. It looks simple but it's a pain to do manually. I will note that a CS software can do this automatically with custom health scores.

---

**“** When analyzing data, make sure you also follow a data hygiene routine. If you put garbage data in, you'll get garbage data out. It's critical to clean your data. Aim to get rid of low quality, poor, and missing data. After all, you're making decisions on the data you have. Make the best decisions based on the best data.



**Anita Toth**  
Chief Churn Crusher

CHURN  
CRUSHER

---

## 4.2. Onboarding

User onboarding is **the process during which you help your new users experience the actual value of your product** or get them to a point where they can see the value potential first-hand.



This is the first step in the customer lifecycle and, in my opinion, **the stage where you should focus most of your energy**. That's because, for most SaaS businesses, [the bulk of their churn happens in the first 90 days after signing up](#), usually because the customer doesn't get early value out of the product. And this is why I always stress

that you should help your customers reach the “Aha!” moment as fast as possible, so they won’t have a reason to churn.

Since this is the stage your users realize they can truly benefit from your product, you should figure out what has to happen to get them there, to get them on board. Only then will you be able to design an effective process and set them up for continued customer success.

Why do you need to get customer onboarding right?

- a. Because it sets the tone for his relationship with your product moving forward. The delays he faces, the bugs he sees, the reply rate from CS or Support - all these will impact the customer’s trust and patience long-term.
- b. To improve your trial-to-paid conversion rate. If you offer some sort of product trial, the onboarding phase is where your new users see the value in your product. Ideally this is where they should get to the “aha!” moment. If you can show your value during this onboarding / trial phase you’ll have a much higher chance of converting them to paid users.
- c. To keep your clients engaged. Helping them understand and experience the value they’ll get from your product means they will start using it successfully. But more importantly, it will give them a reason to return and continue to use your product day after day.

For some products, like Facebook, for example, customers can complete their onboarding quickly and easily - it’s just a matter of a few clicks, and you have your personalized News Feed.

For B2B SaaS products however, the process is more complex. There are many aspects you should take into account, like:

- What should you talk to customers about during introduction calls?
- What should you teach them during training calls?

- What is the purpose of your interactions with the customers, and what are the deliverables and KPIs?
- What is the first feature they should master in order to gain early value?
- How long should the onboarding period last? Is it a matter of hours or months?
- How much of the onboarding process will be automated, and how much will it be human interaction? (I usually suggest 80% automation, 20% human interaction)

After answering these questions, you can choose between these **3 onboarding models:**

Self-Service	Low-Touch	High-Touch
<ul style="list-style-type: none"> <li>• Customers onboard themselves at their own pace</li> <li>• Ideal for small businesses with B2C products</li> </ul>	<ul style="list-style-type: none"> <li>• Usually involves chat support and automated email campaigns, but no CSMs</li> <li>• Ideal for SaaS businesses that don't have complex products</li> </ul>	<ul style="list-style-type: none"> <li>• Often includes customized onboarding strategies and dedicated CSMs</li> <li>• Ideal for large SaaS businesses</li> </ul>

A customer success tool can help a lot during this process. If you have everything planned on the dot and know exactly what should happen when you can get notified when a customer doesn't complete a task in time so you can reach out to them and nudge them onto the right way. Still, automation shouldn't entirely replace human interaction.

## 4.3. Customer Account Overview

Previously, I've talked about the small, incremental steps the customer should take to inch closer to success. We call them Goals. And although they are important, they're not the only thing you should look at. Having a bird's eye view over an account is also important, and at Custify, we have our Customer 360 View feature for that.

The idea of such an overview is a best practice within Customer Success, and most platforms have something similar in their set of tools.

### **Questions any customer account overview dashboard needs to answer:**

How long have they been a customer?

How long until their next renewal?

What's their current contract value?

What's their account history?

Transactions

Invoices

Surveys

Product Usage

What's their health score?

Have they recently interacted\* with us?

\* chat, email, calls, WhatsApp, Messenger, Twitter, or any other channel your business has.

At Custify, we have expanded the health scoring part of the Account Overview to have an even clearer picture of how customers are using the product.

## Using Customer Health Scores to Optimize Account Overviews

A Customer Health Score is a metric that helps a SaaS business assess the relationship with a customer – whether they're in danger of churning or, on the contrary, ready to upgrade to a higher plan. Along with Customer Success as a core philosophy, **calculating Health Scores has become the default for SaaS companies** because, most of the time, customer success directly depends on how customers use the product. Accessing specific features means they're getting value, which, in turn, means they'll not churn.

Now, the thing is, health is a very generic term, and you can't use a single metric to determine it. If you'd go that route, at best, you'd know that there's a problem with that particular account, but you wouldn't know **where** the problem is coming from.

That's why I always advise CSMs to **implement both Individual Health Scores and a Global Health Score** - the individual ones can provide the in-depth information you need, while the global one can help you assess an account's health at a glance.

Determining how Health Scores will fit into your overall customer success strategy will help you choose the right behavior metrics you should monitor to accurately measure Customer Health.

Keep in mind that Health Scores vary significantly by industry, and how you calculate them for your customers depends on the metrics you find most relevant for your business. Here are some examples:

- product usage, along with the depth of usage (the percentage of your product they use) and breadth of usage (the number of licenses they have)
- usage of your product's core features and activity in the product
- growth of the account (whether they've upgraded over time)
- length of the relationship

- number of renewals completed (and also if there are frequent payment problems)
- number of support tickets
- product feedback metrics
- marketing participation (whether they recommend you to other businesses or if they're willing to create a case study with you).

For more information on how to use Customer Health Scores in your overall customer success strategy, check out the [\*\*Customer Health Score Guide\*\*](#).

## **Who Owns the Account?**

Now, another aspect I see many of our customers struggle with is who owns an account? When and how should the handoff from one department to the other happen?

In chapter 1, I've mentioned that, ideally, the CS team should be introduced as early as when the sales process begins. However, in my experience, for most SaaS businesses, that is not the case.

What actually happens is that, throughout the Customer Lifecycle, a customer will interact with several people and departments. So, intentionally or not, accounts are handed off all the time (temporarily handed to Support when there's a problem, handed to Marketing when there's something new to promote, among other examples). But amongst all of them, the handoff from the Sales to the Customer Success department is the most important one - it's crucial that nothing causes friction as this can become a cause for dissatisfaction and even churn in the future.

Unlike temporary handoffs (like the one to Support that only happens if and when a customer has a problem), **the handoff from Sales to CS includes ownership of the account**. Account ownership is extremely important for subscription-based businesses - the person in charge is responsible for the business results as well as

the customer's happiness. So, from this point of view, it makes sense that the CSM will take over the account from the sales rep.

The precise point where Sales ends and CS begins is highly debated, very client-specific, and subject to fine-tuning as your customer success efforts scale.

Regardless, this is a point that can easily create friction, cause breaks in customer relationships, and in the worst cases, even lead to an immediate reason for churn.

### To solve account ownership handoffs to Customer Success:

**Communicate.** Ensure that you correctly and respectfully communicate to the customer exactly what's happening. This will differ based on internal processes, but good dialogue needs to trump all other concerns.



**Align.** The two departments, Sales & Customer Success, have radically different goals. Think about this: it's difficult to keep your mind on churn rate when you're being paid based on achieving a sales-generated revenue quota. This disconnect needs to be discussed and fixed to ensure proper handoffs.



**Research.** Sales needs to secure all account information necessary for Customer Success. Simple, yet often overlooked. Customer Success, in turn, must take the time to read and understand all the data passed down from sales. Here's a sample of details that need to be passed on:

- contract period and potential value
- yearly projected value
- number of users and licenses
- customer goals
- customer use cases
- customer pain points
- stakeholders
- contact person
- higher-ups and decision-makers



**Strategize.** Make your own handover process between Sales and Customer Success and write it down. The two teams often collaborate on an account before ownership is passed - take that opportunity to align the two and foster a positive relationship with the customer.

After all these steps are complete for an account, it's time for the CS rep or manager to begin their job as the owner of an account.

## 4.4. Killing Churn 101

Customer Success means anticipating your clients' challenges and proactively providing solutions before they reach out or, worse, they decide to leave you.

**What is churn, really?** It's a metric that measures how much business you've lost, and this loss can be either in:

- percent of customers (customer churn)
- or revenue (revenue churn).

**Customer churn**, also known as subscriber churn or logo churn, represents the rate at which your customers are canceling their subscriptions, and it's most often calculated in percentages. Here's how you can calculate it:

$$\frac{\text{Number of customers you've lost during a certain time frame}}{\text{Number of customers you had at the beginning of that time frame}} \times 100$$

**Revenue churn** (also known as MRR churn), on the other hand, is most often expressed as a whole number and can mean the actual lost revenue or, more commonly, a normalized value such as MRR (Monthly Recurring Revenue). Here's how you calculate revenue churn:



As customer churn and revenue churn are not always tied, it's important to measure both – [measuring customer success](#) gives you context.

Based on these two types of losses, churn can also be classified in several ways:

- **voluntary churn** (customers voluntarily decide to leave you)
- **involuntary churn** (customers are not aware they have churned, for example, the renewal payment could have failed)
- **negative churn** (this only applies to revenue churn, and it's an ideal situation where the revenue generated through upselling and cross-selling existing customers exceeds the one lost through other customers leaving you).

Keep in mind that your **exact churn rate can prove quite difficult** to determine because, for any given period, you have customers who have been with you previously, as well as new customers you acquired. Because of this, there's no one-size-fits-all approach to calculating your churn rate.

In fact, retention rates have gotten so difficult that, according to [Profitwell](#), at one count there were 43 different ways public SaaS companies were accounting for the metric. Some are essential, like segmenting your churn into segments, cohorts, and so forth. Others are more strange, like including trial users in your turnover, or ignoring episodic/seasonal clients, and so forth.

To be clear, there's no business in this world with 0% churn - that's simply unrealistic.

And that's why knowing how many of your customers leave you is critical. If you know, you can **determine whether your business is growing, stagnating, or declining.**

As a new business, you're bound to make some mistakes. What I often notice in newer subscription-based companies is that they **don't perform in-depth analyses to find out where they're heading**. Instead, they make decisions blindly, without covering all of their bases.

They don't collect proper data that can help them make the right decisions, and they don't see the value of investing in a customer success solution. They waste time and money on Excel sheets and a dozen different tools that give them contradictory data.

Often, businesses are unsuccessful also due to being reactive instead of proactive. What that means is that they rely on their Customer Support department to solve problems instead of trying to anticipate and prevent them.

And probably the biggest mistake of all is that they **don't ask their lost customers why they left**. They rely on guesses. But guesses are not enough to assess what you're dealing with, nor can they offer you viable solutions.

---

**“ Businesses need to understand what causes their customers to churn, as well as what type of churn they’re dealing with. Is it voluntary or involuntary churn? Is it logo churn or revenue churn? How much of that churn is product-related, and how much is natural churn? There are many reasons customers leave you and just as many solutions to stop them from doing that.**



**Cristina Boartes**

Sales & Customer Experience Manager - Smart Bill



# Fighting Churn

There are many reasons why customers might want to leave you. Here are all the cases I've faced so far, along with some solutions on how to solve them.

## a. Onboarding problems

For subscription-based businesses, most of the customer churn happens between two decisive milestones: when the customer signs up for the product, or when they finally realize the value of the product/service (the “Aha!” moment).

What you need to do is bridge the gap between these two milestones: first, find out what your customers want to achieve, then, help them succeed as soon as possible. The most common reasons why customers don't achieve their goals are the onboarding steps don't guide the user well enough, or the product is very difficult to set up and get started with.

To avoid this, what you can do is **track every step in your onboarding process and define goals that your customers should achieve** to complete the onboarding successfully. Goals like:

- filling in their profile data;
- selecting a pricing plan;
- using a specific feature for the first time;
- downloading a report;
- inviting other team members, etc.

If you see a customer getting stuck or not completing one or more of these steps, you can **reach out to them and offer your help**.

---

**“** Start focusing on churn from Day 1. Each week, book a 15-minute call with 6 of your least engaged customers. Find out what they like about your product. Find out what they don't. And find out what it would take to move them from being your least engaged customer to being one of your most engaged. Then act on what you learn.



**Anita Toth**  
Chief Churn Crusher

CHURN  
CRUSHER

---

### b. You sold to the wrong customer

**Not all of your customers are a good fit for your business.** Sometimes, churn is the result of the inconsistency between what you offer and what your customers are looking for. This can happen for a couple of reasons such as:

- your product positioning is wrong
- your sales team oversold and set the wrong expectations
- you're too expensive compared to your competitors

You can find out why customers are leaving you by using an exit interview (which can be an exit survey or a 1-on-1 interview). This will help you improve both the service and the experience you offer. You might not always be able to keep customers from leaving, but the more information you gather, the better you can address your product's shortcomings.

Once you find the cause, you can work with your sales team to get the right customers and work on your website to communicate the right promises.

### **c. You don't deliver constant value**

Another common roadblock on your way to reducing churn could be the fact that you're not constantly bringing value to your customers. If your customers signed up with a specific goal in mind and accomplished it early in their journey with your product, you need to make sure they also succeed during the following days, weeks, and months down the line.

Here's how you can fix this:

- identify the right KPIs - they should be centered around the pain your product/service solves
- monitor them closely - you can set up an alert system to get notified when values drop
- create an action plan - come up with possible solutions for each scenario. A few possible solutions are engaging with customers, offering upgrades, suggesting other features, or offering training.

### **d. Your product quality is bad**

There's no such thing as a perfect product. Downtime, unexpected bugs that manage to get into production, hacks - they are all an inevitable part of running a SaaS business. But if they're so bad that they cause your customers to leave you, you should address them immediately.

**The key in this situation is to act fast.** Respond quickly, mention your plan, and outline the measures you'll take to fix the issue. You can even compensate your customers by offering discounts or free months if they choose to continue using your product.

## e. Your support is bad or nonexistent

It's not the little mishaps that bother customers but how you treat them. Like we've said, no product out there is problem-free. Things like mislabelled invoices or confusion over in-app settings can happen.

Once you do find a problem, you need to offer fast, responsive Customer Support. Otherwise, a small issue could turn into a deal-breaker for your customers.

**Make Customer Support a priority** and be there when your customers need you. You can set up multiple communication channels (phone, email, live chat) to make sure your customers can reach you in a way that's easy for them.

Analyze each communication with your customers and make sure your support representatives know how to handle each situation. You can even organize weekly meetings where you discuss different issues so your representatives can learn from each other's experiences.

## f. Your customers don't even know they've left you

Most SaaS businesses focus on voluntary churn. And it's hard not to when you keep getting an increasing number of customer complaints and cancellations. But that doesn't mean that involuntary churn is not as important. In fact, businesses should focus their efforts towards eliminating it first because involuntary churn is completely avoidable.

There are many reasons that can lead to involuntary churn:

- expired cards (most common);
- hard declines after fraud attempts (if the card details have been stolen before);

- soft declines after credit limit maxes;
- out-of-date billing information;
- charges not flagged as recurring.

And the thing is, it's actually fairly easy to eliminate involuntary churn by using dunning emails and account updaters.

Find out more reasons why customers might churn, along with solutions for each, in our dedicated [Churn Guide](#).

## 4.5. Renewals

Now, for those customers who haven't left (yet), you need to think about your strategies for retention and loyalty. Retaining customers comes with its own challenges and, to effectively improve retention, you need to **define a process to manage renewals**. This way, your team will be more efficient in their day-to-day activities, and you ensure nothing slips through the cracks.

Additionally, having a process in place will also allow you to deliver a more consistent and positive customer experience for your customers. Here are **3 steps to follow** to put an effective renewal process in place for your business:

- define what 'at-risk' means for you and monitor for it
- define a standardized plan of action to mitigate risks
- properly scale this process.

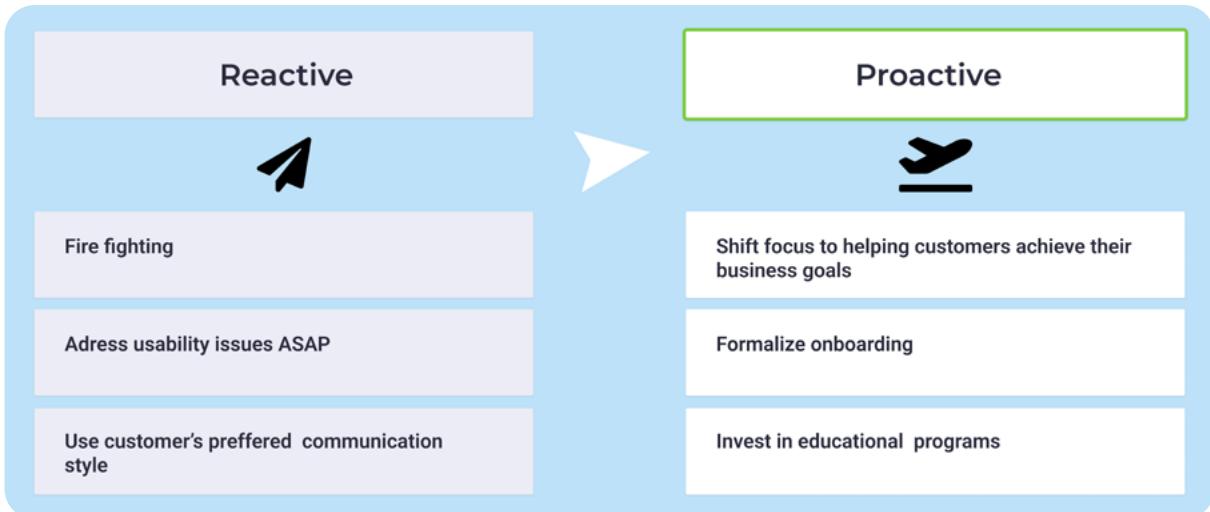
Just like with account ownership, there are also many discussions on **who should own renewals**. There are three renewal ownership models you can choose from:

## Renewal Ownership Models

	Sales	Customer Success	Account Manager
Model 1	New Logo, Sales Expansion, Renewals	Value, Usage/Adoption	
Model 2	New Logo Sales	Value Usage/Adoption, Expansion, Renewals	
Model 3	New Logo Sales	Value, Usage/Adoption	Renewals, Expansion

Personally, I think the second model, where the ownership lies within the Customer Success department, is the most efficient one. That's because CSMs are directly responsible for customers' happiness, and, as I've previously pointed out, there's also the account ownership handoff that should happen between the Sales and CS departments once a lead becomes a client.

## 4.6. Proactive Outreach



Many businesses fall into the trap of staying reactive, even though the 'essence' of customer success is being proactive. A reactive team focuses on fixing problems rather than educating customers on how to utilize the product at its fullest capacity. In contrast, a proactive CS team focuses on minimizing friction points and promoting how the product can be used to accomplish customers' business goals.

To truly become proactive, organizations must invest in optimizing the onboarding for product adoption - the more customers are using the product in their everyday activities, the more value they derive from it, so the harder it becomes for them to leave. Moreover, because customers are educated on how to properly use the product, the need for reactive support also lowers.

In the proactive model, you ensure customers stay successful is by continuously engaging them, and this includes monitoring Customer Satisfaction through:

- Net Promoter Score (NPS) surveys
- customer health / happiness indices

- customer advisory boards
- customer outreach initiatives.

For an effective customer engagement strategy, take advantage of the combined power of automation and human interaction. Technology can help you identify opportunities, while the human touch will ensure you continue to provide value.

Customer engagement management efforts should build off of those initiated during the onboarding phase and continue after the initial 90-day period, when you should be using the data gathered to:

- build and maintain good relationships with your customers
- initiate contact at the right time
- anticipate issues before they affect your relationship with customers
- identify upsell and cross-sell opportunities.

Once you've collected and analyzed all this data, you can use the results to create and send targeted messages to users through various channels (in-app, live chat, emails, phone calls, etc.).

Although customer engagement spans across the entire Customer Lifecycle, keep in mind that the individual elements of engagement should change as the customer progresses through their lifecycle (you can't engage new customers the same way you engage your long-term customers).

It's also important to note that, in the very early days of your business, outreach will be mainly reactive because the team is small, and each individual is wearing multiple hats. But as the business matures and the team grows, outreach should also become increasingly proactive as you now have the resources to do so.

Still, you should keep proactive outreach as a goal from Day 1 and strive to achieve it as soon as possible as this is proof of great customer experience. Put yourself in

a customer's shoes - you're struggling, and someone reaches out to you and offers help. How does that feel? That's the feeling you should aim for - getting in touch with customers before they have the chance to complain.

However, anticipating customers' issues is just part of the equation. **Educating them on how to get value out of your product** will go a long way towards ensuring they'll remain a customer for an extended period. Think about it this way - no customer will recommend you further if they only know how to use 25% of your product features and don't get the full value out of your product (even if they're happy with that 25%). This is where the true proactiveness of a CSM lies.

Here are a few examples of proactive outreach:

- peer comparison and teaching customers best practices they can use to achieve great results (the results of their peers)
- organizing and inviting customers to webinars that provide value outside of your product (career advice, CX, productivity tips, and more)
- sharing general information across accounts
- sharing industry-related information (blog posts, interviews, podcasts, guides, and other useful materials).

## 4.7. Upsells and Cross-sells

Upselling and cross-selling is the last step in the Customer Lifecycle. Upselling refers to the practice of selling higher plans, while cross-selling refers to selling additional related products and services. But don't think about upselling and cross-selling opportunities as a means of getting more money from your customers; instead, think of them as opportunities to provide more value. Otherwise, customers will pick up on it, and you'll lose their trust (and possibly their contract too).

In modern organizations, retention, upsells, and cross-sells are also the responsibility of the Customer Success team, not the Sales team, or, at most, it's a joint effort of the two departments. The CS team is responsible for identifying upsell and cross-sell opportunities during conversations with customers or by analyzing product usage metrics; then, depending on the complexity of the task, Sales can also jump in.

---

**“** *Don't look to upsell your clients, look to deliver so much value that it would be crazy for customers not to grow with you. This will also ensure the renewal motion becomes a non-event.*



**Chris Mitchell**

SVP & Chief Operations Officer - [Notified](#)



## Why Should You Upsell?

I say this all the time, acquiring new customers is far more expensive than delighting existing ones, which is why most SaaS businesses consider upselling and cross-selling a high priority. However, besides the increase in revenue, there are other benefits for both your business and your customers:

- **Benefits for your business:**
  - **higher ROI:** every customer has an initial acquisition cost; you cover that cost by expanding your business, and upsells can help you increase your ROI
  - **increased CLV:** your goal is to make every customer stay for as long as possible; that's why CLV is one of the most important metrics SaaS businesses track. Upselling is a tool to achieve that goal
  - **increased customer loyalty:** exposing customers to a wider variety of features and services helps deepen your relationships; by upselling, you're increasing

the number of touch points which in turn makes customers sink in more in your product experience

- **Benefits for your customers:**

- **a better overall experience:** a higher plan means access to more features and advanced performance; your customers are getting even more value out of your product
- **meeting business needs your customers didn't even know they had:** most of the time, customers don't know they can do more/better until the CSM reaches out with an upselling proposal; upgrading helps them achieve even more than they thought possible
- **better customer service:** for customers, it's always easier to expand their business with a company that already knows and gets them and can better support them through the implementation of the new services, a far better alternative than starting anew with another company.

## Upselling and Cross-Selling Tactics

### a. Identify your champions

Not every account is upsellable - you need to identify the most profitable customers you should focus on. Usually, Product Usage is a great metric to determine who the customers most worthy of your efforts are.

Set up notifications for when clients are close to hitting their usage limits, then reach out to them with a message like: "*Congratulations on expanding your business! I noticed you're close to hitting your usage limits - let's discuss how we can further support your growing business needs*".

As you can notice, this approach is not about selling them something but about

taking advantage of their increased usage and assisting them and their growing needs.

## b. Analyze customer feedback

There are 3 metrics in particular you should pay attention to:

- **NPS**: your advocates will share lots of feedback through multiple channels; that's a great starting point for identifying what matters most to your customers and what more you could do to delight them
- **Support tickets**: one of the reasons customers reach out to Support is when they have questions; therefore, their tickets can be filled with valuable insights you could leverage for upgrading the account
- **QBR**: you should continuously re-evaluate what makes your customers happy and request more from your offerings moving forward. Ask the right questions to identify the needs that could lead to account upgrade conversations.

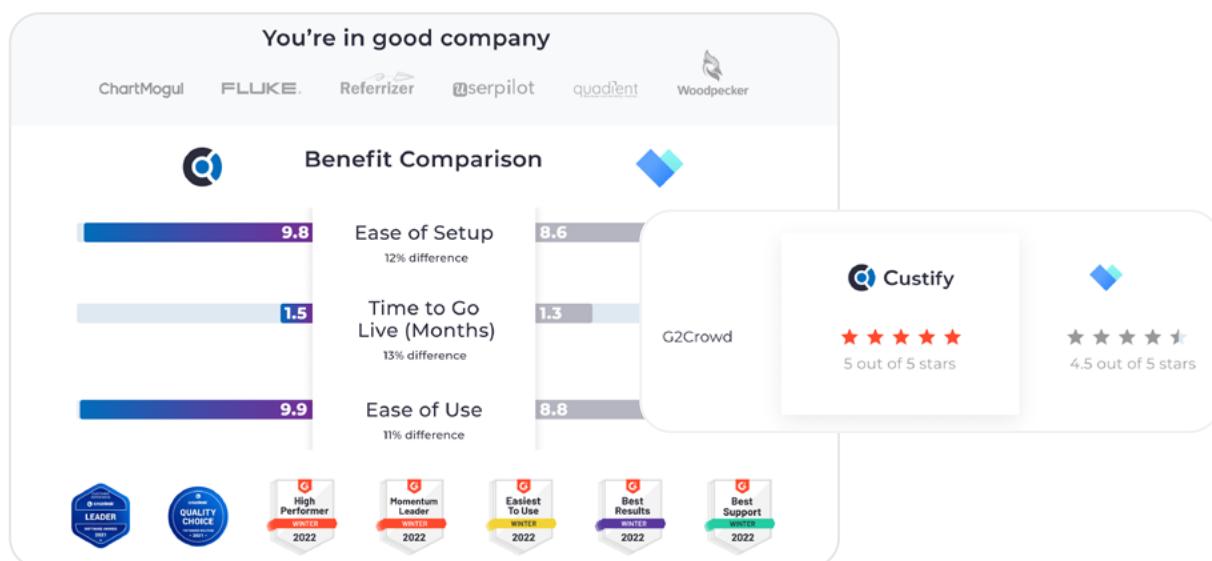
## c. Identify stakeholders as well as new users

CSMs will interact with different stakeholders at each stage of the Customer Journey. Keep an eye out for:

- **new users from the same department but a different team** - this could be a potential upsell opportunity if it leads to increased product usage. Be proactive and introduce yourself to the new team member and let them know you're there to help them - often, they don't know they have a dedicated CSM
- **new users from different teams** - this could signal a cross-selling opportunity. Reach out and offer to jump in a quick call to understand why they signed up and their purpose in using your product.

## d. Leverage social proof

Talking about how customers on higher tiers accomplish more with your product can be a great upselling conversation opener. Make sure to emphasize key aspects such as their results or the ease of implementation; address every reason the customer might have for not choosing to upgrade.



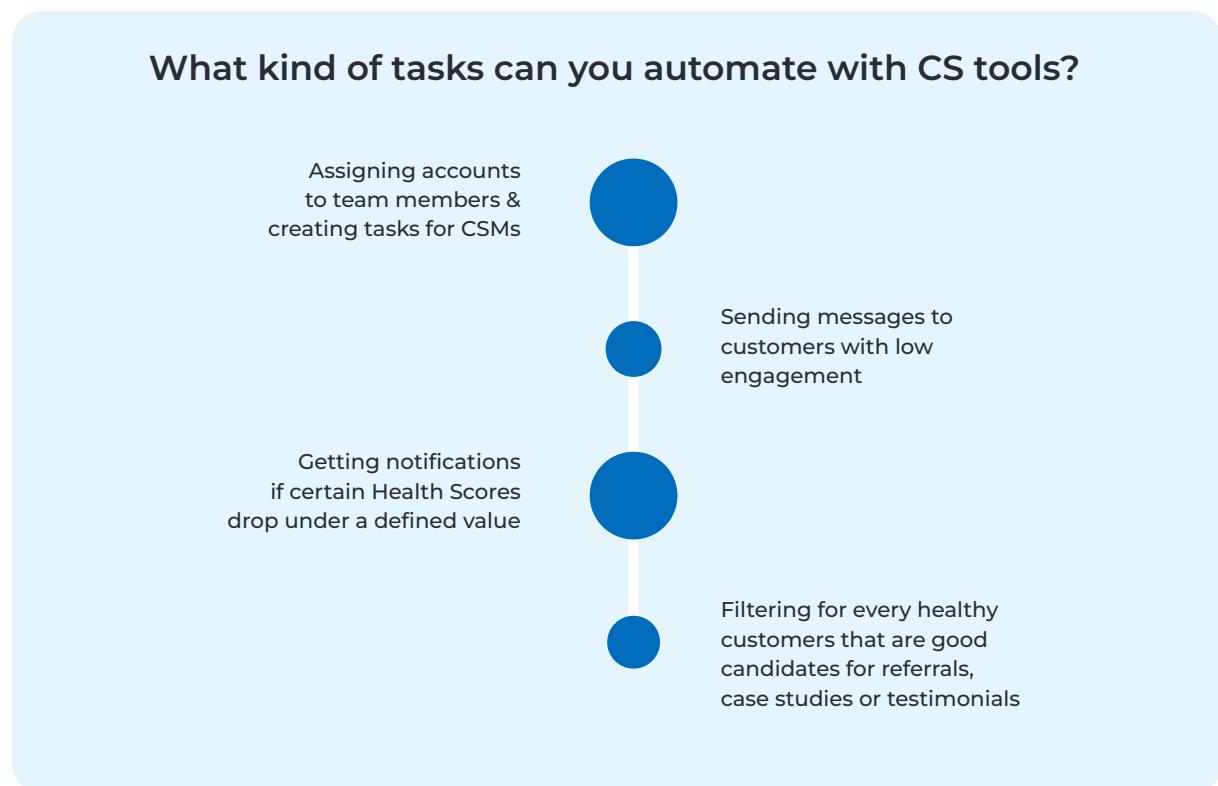
## e. Pay attention to the news

Following your company's essential stakeholders in the news is crucial no matter your job role. In regards to upselling, it's important to identify:

- IPOs - this might mean budget increases, so ask your customer how the IPO will impact their department and whether you can expect any changes in their usage of your offerings
- mergers & acquisitions - this can indicate an upsell opportunity further down the line

- changes in priorities - this can signal both an upsell opportunity or churn risk if the changes in priorities lead to layoffs.

## 4.8. Playbooks and Customer Success Automation



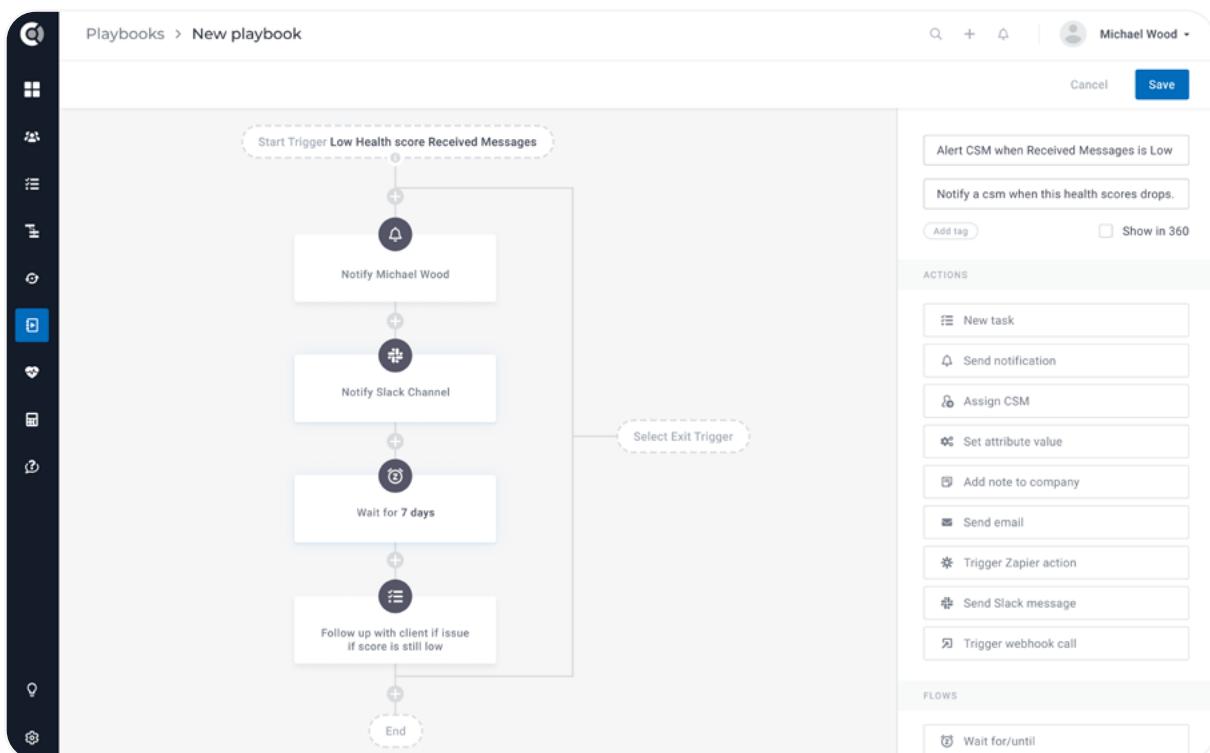
Playbooks are useful additions that help you improve your customer's loyalty, adoption, conversion, and churn rates while they move through their lifecycle stages. A playbook is basically a set of tactics that helps you drive customer success by pinpointing these exact moments for your customers.

To start setting up a playbook for your company, you need to **make sure you're tracking the right KPIs first**. Then, you'll have to **segment your customers** so you can use custom outreach tactics and other means of engaging them effectively

throughout the [customer journey](#).

Once you segment your customer base, you'll be able to **prioritize outreach and address each segment individually**. Thus, by fostering communication, tracking interactions, setting up notifications, and integrating as much software as possible, your Customer Success team will get the most out of your tools.

Let's take an example to see how we go about our playbooks here at Custify:



Let's first assume 2 things:

1. That your SaaS product has a functionality that allows your customers to receive messages. Obviously, this functionality is a main product feature, but not a key one. If it were a key feature, you wouldn't wait for 7 days before sending out this notification, you'd probably move along way faster than that.
2. That you've set up a customer health score that measures that exact functionality.

**In the example above**, the CSM Michael Wood is notified when the health score “Received Messages” turns “bad” and the Customer Success team’s Slack channel is also notified to everyone is in sync.

So, as this “Received Message” functionality is not a key feature, the customer success team decides to first wait a week and see if things improve. This waiting time is important because you need to take into account that, sometimes, customers are on vacation or sick leave. However, if their health score still remains bad after one week, a CSM (Michael Wood) will get a notification to reach out. Most often, the customer will feel taken care of, because the CSM reached out before they even considered opening a support ticket.

These notifications are therefore crucial in providing great customer experience. Having a customer playbook not only prepared but also visible to your CS team is a great way to make sure your customers are set up for success.

## **Using Customer Health Scores with Automation**

Having information about churn likelihood, product usage, lifecycle phases, and other KPIs can help take your CS program to the next level, and automation can be a big help here. For example, after a customer support ticket is closed, you can send an automated notification to the associated Customer Success rep a week later, reminding them to follow up.

Besides helping your team collect and disseminate real-time information about your customers, automation drives proactive, personalized engagements that create a more consistent experience and ultimately increases renewals & reduces costs.

So based on your Customer Health Scores, you’re then able to automate playbooks. You can automatically:

- assign accounts to team members (for example problematic customers to more

experienced CSMs)

- send messages to customers with low engagement
- receive notifications if certain Health Scores drop under a defined value
- create tasks for CSMs to proactively get in touch
- identify upsell and cross-sell opportunities
- filter for very healthy customers that are good candidates for referrals / case studies / testimonials
- and much more - you can actually enjoy nearly endless automation possibilities.

One of the biggest advantages of automating your playbooks is that this will allow you to have **a clearer and standardized path to approaching your customers exactly when they need you the most**. It basically takes away the ambiguity and leaves more room for creating a consistent customer experience.

Aligning your business goals with your customers' needs and objectives helps you create a **customer-driven model** which has been proven to be [60% more profitable than traditional digital or personal systems](#).

## **High-Touch, Mid-Touch, Low-Touch, and Tech-Touch**

**The main reason customers choose SaaS is scalability.** However, while they want to be able to scale up and down whenever they need, they also expect your Customer Success team to show the same level of engagement.

But how can your CSMs provide the same level of engagement and still be able to take care of more and more customers with the same resources? By switching from a high-touch approach to a tech-touch approach, without leaving out the human touch.

High-Touch	Mid-Touch	Low-Touch	Tech-Touch
<ul style="list-style-type: none"> <li>• Extra responsive, having engaging discussions with customers and offering a one-on-one onboarding experience</li> <li>• Proactive, demands lots of resources</li> <li>• Usually seen at enterprise level</li> </ul>	<ul style="list-style-type: none"> <li>• Moderate engagement model, most companies opt for high-touch onboarding and switch to tech-touch playbooks after trials</li> <li>• The organization can switch to high-touch when priority cases appear (churn risk, for example)</li> <li>• CSMs reach out just in time, but don't engage a lot in the conversation</li> <li>• Usually used for mid-market businesses</li> </ul>	<ul style="list-style-type: none"> <li>• CSMs rarely contact customers, because they don't need to</li> <li>• Can be reactive, the CS team is there just to make sure that everything runs smoothly and to answer any questions customers might have</li> <li>• Mostly used for SMBs</li> </ul>	<ul style="list-style-type: none"> <li>• Relies heavily on automated playbooks</li> <li>• Perfect for businesses that are scaling up</li> <li>• Can be combined with any of the other three</li> </ul>

When choosing an engagement model for each of your clients, you need to keep in mind that **your CS team is not going to grow as fast as your business requires**.

Which means you'll need to pick one of the following **4 engagement models**:

**It's a common misconception that low-touch and tech-touch are one and the same.**

It all depends on how you implement the tech-touch approach - for some SaaS businesses, the one-to-many approach seems really impersonal and low-touch, while other businesses find a way to keep clients engaged and happy.

Think about your CSMs' to-do lists - they have many responsibilities, but not all of them are of real value to your customers. Some are just repetitive, dull tasks that fill their schedule with little to no impact.

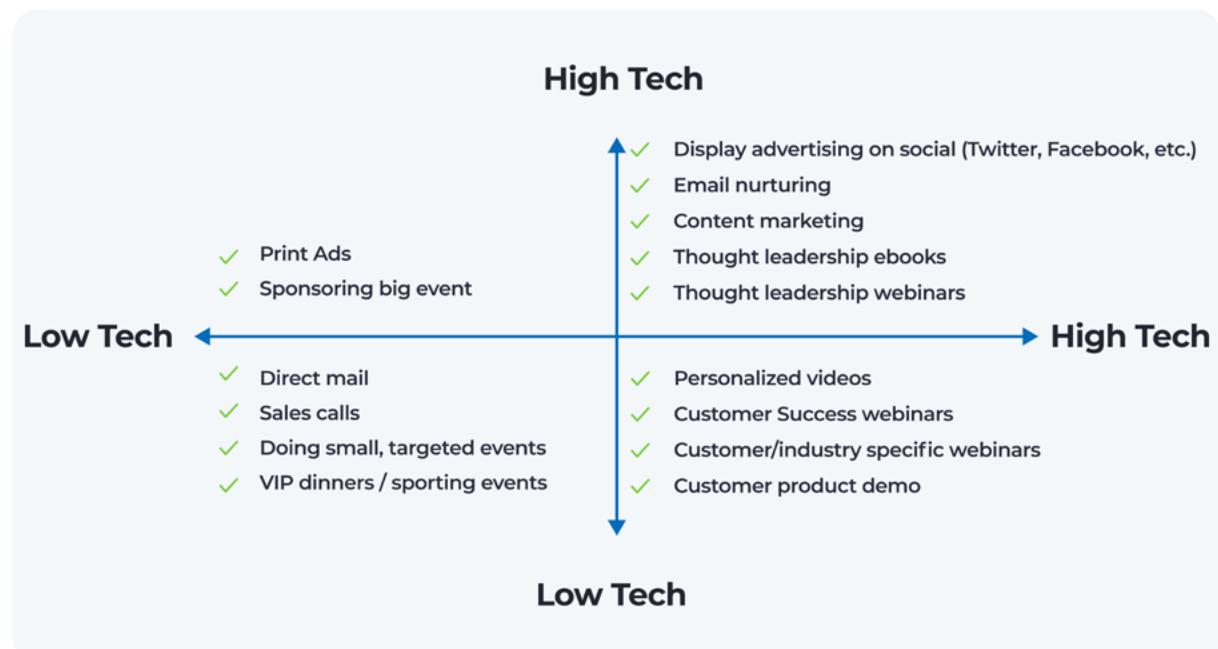
This is where the tech-touch approach comes in and becomes high-touch.

Technology can fill in for the dull tasks, leaving out engaging conversations to the CS reps, as well as offer support when CSMs are outside working hours.

All customers demand the same level of engagement and support, but your employees might not always be able to offer it. When it comes to answering common questions, a tech-powered alternative is better than making your employees send the same replies again and again.

Initial responses can also be automated and CSMs can only intervene when they can offer personalized support and advice. This is how they can create meaningful relationships with customers and increase retention.

**High-touch is about the level of engagement, not the number of emails, calls, and reminders** your customer success employees send customers. Helping clients achieve their goals can be done when your CSMs offer the right advice for each customer, not when they address basic support issues.



## 4.9. Offboarding - A Gold Mine Many Ignore

In my experience, I've seen many SaaS businesses focus most of their efforts on their onboarding strategy. Don't get me wrong, onboarding is extremely important, as I've already pointed out before, but that doesn't mean offboarding should be an afterthought.

If you start from the presumption that churned customers are gone for good, they will be. However, if you are willing to put in the effort to win them back, you'll be surprised by the results! This was the case for one of our clients, [Referrizer](#), whom we've helped put together an offboarding strategy that **saved them 25% of their churned customers**.

So how should you approach your offboarding strategy? Well, you can't fix what you don't know, so first, you need to determine the main reasons for churn. Although offboarding doesn't necessarily require an exit interview, I think that's one of the best methods to find out why your customers are leaving. (why make guesses when you can go directly to the source?)

Before I go further, it's important to note that **trying to save the contract should be the last thing on your mind!** While it is possible to save clients during offboarding, and you should have a system in place for that, it should never be the focus of the customer offboarding process. Instead, during the offboarding call, you should be helpful, empathetic, and put yourself in your client's shoes. There's nothing more annoying than someone who desperately tries to convince you to stay when you know for sure you can't afford to pay for that product anymore or that it's not the right tool for your organization.

Here are a few sample questions you can use:

1. Why do you want to cancel your subscription?
2. Why did you initially sign up for our product?

3. What were you using our product for?
4. When was the first time you thought our product was not a good fit for you?
5. What happened the day you canceled your subscription? Why did you choose that day specifically?
6. How was it doing business with us?
7. What is the biggest benefit of our product?
8. What did you like about our services?
9. How could we improve our product?
10. Is there anything we could have done differently?
11. Did the team communicate with you effectively?
12. Are you switching to a competitor, and which one?
13. How does it compare to our product?
14. What would've prevented you from leaving?
15. Assuming all your suggestions are accepted, would you reconsider us in the future?



*You'd be surprised how much great feedback and customer insight you can get from exit interviews.*



**Shawn Klajic**

Customer Success at Referrizer



Once you know the reason a client has decided to leave, you can prepare a counteroffer. For example, if they're struggling financially, you can extend their payment deadline or offer a few months of usage for free. On the other hand, if they don't understand your product and they don't see the desired results, you can offer

consulting sessions and teach them how to best use your product.

If you know the real reason customers leave, there are very few scenarios where you won't be able to bring them back.

Now, I know all this information can seem overwhelming, but if you're focused on building a profitable company, Customer Success will come naturally to you. After all, it's just a matter of paying attention and taking the time to fully understand your customers' needs and work with them to achieve their goals. If you just focus on this, you'll have no trouble establishing long-term client relationships.

# 05

## How Do You Measure Customer Success?



*Focusing on Customer Success will strengthen brand awareness and your company's reputation. Your brand is what your customers perceive about your business. Before making a purchase decision, most customers do their research, whether it be online or offline.*

**Hakan Ozturk**

Author of "[How to Become a CSM](#)" &  
Founder of [DrivingCustomerSuccess.com](#)

## 5.1. Building a Case for Customer Success: Does CS Bring ROI?

Quantifying the exact Customer Success ROI value can be quite a mind-boggling task. In my 20+ years of experience, these are the questions I was asked time and time again:

- How valuable are CS departments?
- How much should you invest in them?
- What's the ROI of CSMs?
- How many CSMs are enough for your business?

But before I get to the numbers, first, I think it's important to note **why having efficient Customer Success Managers is important for SaaS businesses:**

1. You need to **find a balance between doing what's right for your customers and what's actually going to help your business** generate additional revenue (renewals, upsells, and expansions).
2. One of the most relevant results of implementing an efficient customer success solution within your company is **higher customer retention** because it brings a significant boost to your recurring revenue while **reducing churn rates**.
3. Using the customer data provided by the CSM solution provides you with valuable insights into customers' interests, thus creating more **cross-selling opportunities**.
4. Also, merely communicating and interacting more with your customers will also **generate more leads** and contribute to additional sales.
5. Good CSMs will help you build strong relationships and make your customers successful, thus **contributing to positive word of mouth**.
6. If your customers are successful, they will also be your most **powerful evangelists and advocates**. Satisfied customers = satisfied business.

By taking a look at these benefits, you might be tempted to think that 'justifying' Customer Success is easy when the reality is quite different. Although there's no

denying CS is valuable, putting an actual number on it keeps many CS practitioners awake at night.

To find an explicit formula, I've reached out to many Chief Customer Officers, CSMs, and CS team leaders in the industry and asked them about their best practices.

Spoiler alert, David Apple (Notion) was right in his [article](#): *"nobody in SaaS today knows the actual ROI of their CSMs, and nobody truly knows what ratio of CSM to customers is optimal for their business"*.

However, here's how industry thought leaders approach this issue with their teams:

1. They assess word-of-mouth marketing results
2. They track how interaction with CSMs influences customers' behavior - for example, how many customers the CSMs save and the revenue that comes from the saved customers, the additional revenue gained by CSMs offering support, etc. and compare that amount to the budget allocated for the CS department
3. They correlate NPS to LTV (or other business metrics)
4. They measure metrics that directly affect the customer, such as Average Initial Response Time and Average Resolution Time, and they carry regular Customer Satisfaction surveys.

As you can see, although **investing in a Customer Success department definitely adds value to every SaaS business**, the impact of CSMs is largely intangible, which makes calculating an exact ROI difficult. On the one hand, that's because there are factors outside CSMs' control that impact retention rates on a regular basis, such as:

- overall global economy situation
- competitive landscape changes
- your own product development & improvement.

On the other hand, assessing the exact value and revenue input from customer success programs can prove difficult because:

- following the natural lifecycle of your business as it becomes more mature, you can easily see that the net retention rates constantly improve over time, and it's not just CSMs' impact
- your business keeps growing over time, and therefore your marketing teams also grow and develop more leads with higher lifetime values & better retention rates
- as your product develops, you add new features, you fix bugs or downtimes - all these improvements impact the retention curve over time, and you can't attribute them all to CS exclusively.

At the end of the day, calculating the ROI of Customer Success comes down to experimenting and finding what works best for you. As I, too, spent quite a lot of time trying to solve this issue, here's what I've come up with for Custify:

## **How I Solved the Challenge of Measuring Customer Success ROI**

In order to calculate the actual ROI of Customer Success, I believe it's important that you understand the status quo and measure its impact on the baseline:

- The "**baseline**" status represents the measured revenue from the CSMs' account portfolio prior to them actually engaging with those customers
- And the **measurable impact** is the revenue generated by actively engaging with the accounts CSMs manage, making sure they onboard successfully, and keeping them interested in further expansion, renewal, and cross-sell opportunities.

Keep in mind that quantifying these 2 variables is not easy since there are other factors responsible for the visible growth of your customers.

At first glance, there doesn't seem to be a designated metric to help calculate the full customer lifecycle phases outside of the baseline status, besides [the metrics](#) we generally use. So I found a **workaround**. A possible solution to this issue may be looking at customers' lifecycles to determine the overall Customer Success ROI. That works because, if a customer's lifetime increases while being under the evaluation and management of CS departments, then their profitability also increases.

That's why I believe you can use the Customer Lifetime Value metric, up to a certain point, to measure the created value of CS departments as a unit. The higher a customer's lifetime length is, the higher their value and profitability, as below:

$$\text{Customer Lifetime Value (CLTV)} = \{( \text{Average MRR} ) \times (\text{Gross Margin\%})\} / (\$ \text{Churn Rate})$$

Keep in mind that this is all narrated at the MRR level. In the above equation, "Churn Rate" represents the combined results of all customer lifecycle points (onboarding, customer support, product fit, service delivery, relationship management).

"Average revenue per Account" stands for the measurable customer revenue growth throughout cross-selling & up-selling opportunities.

Therefore, the metric of "Customer Lifetime Value" represents a good option for quantifying customer experience metrics & establishing a working post-sale expansion metric.

Now, with this formula, you can determine the overall ROI of implementing Customer Success into your organization. But one problem remains, though: **how do you determine the ROI of each CSM?**

## How I Calculate the ROI of CSMs

The logical path would be assessing the baseline of the CS department before you've hired the CSM you're calculating the ROI for.

Then, you'd need to calculate the impact of that CSM after some time (either quarterly or twice a year would be most beneficial).

To calculate the ROI of any employee, you must look at 3 key elements:

- the cost of that employee (fully loaded)
- the baseline before you hired that employee
- the impact that employee has on their leads and Customer Success KPIs

So a simple equation of calculating the ROI of an employee would be:

**Impact generated - Baseline / Cost of the employee**

**How to calculate employee cost:** you can start measuring the cost of that employee by taking into account their respective salary, overhead expenses, necessary tools, and other fees. This part is pretty straightforward.

**How to calculate the baseline:** as I've stated before, in the case of a CSM, calculating the baseline is a challenge unto itself. So I start with the number of accounts per CSM. You might already have a certain idea of the size of the portfolio of customers a CSM in your team could handle. Try to define a round number of accounts, as close to reality as possible.

Then, you need to hypothetically challenge that number. Start by asking spot-on questions to find out probable results if you raise or decrease the number of accounts your CSMs handle within their portfolios:

### **What if we ADD 50% more accounts to our portfolio?**

- What touchpoints in the relationship between CSMs and customers will be removed?
- How will this affect CSMs' overall performance? Will it get worse?
- How will the cost-efficiency of the CSMs change?
- How will the impact the CSMs make change with 50% more accounts added to their portfolio?

### **What if we REMOVE 50% of the accounts from our portfolio?**

- What touchpoints could be added to the CSM - customer relationship?
- How will this affect CSMs' overall performance? Will it improve?
- Same questions about cost-efficiency and impact arise in the case of 50% fewer accounts in their portfolio.

Larger companies might have the means and time to experiment with these ideas hands-on every month. But most SaaS businesses don't have the scale to do it as easily. So I suggest you assess these options either once a business quarter or twice a year.

**How to calculate employee impact:** the impact that each employee has is usually measured by calculating the revenue generated from the deals they close and their Customer Success KPIs. But in the case of CSMs, their impact is largely intangible, so applying the same formula becomes difficult. So here's what I propose:

1. Establish a method that works best for your company and your team. Sketch out an overview of your customers' journeys and your main touchpoints within the relationship with your business.
2. Think about the size of the portfolio that each CSM manages, go through the mental model explained above, and play with all the variables: add or remove touchpoints, assess the CSMs performance metrics, add or remove engagement strategies, etc.

Basically, you need to **aim to be as cost-effective as possible** while not removing the whole impact that you can make on your customers. It's more a matter of experimenting with your CS strategies until you find a model that works best for your own business and that can bring you quantifiable value in the future.

**How to track Customer Success Manager KPIs:** there are a few common-sense metrics you should take into account. You can track them by answering these questions:

- How many calls does each CSM complete in a dedicated amount of time? (only take into account the calls where they get positive feedback or close a deal)
- How many tasks do they work on on a regular basis?
- What is the satisfaction score of their customer touchpoints? (analyze the feedback customers give after interacting with that CSM)
- What is the overall health score of the portfolio the CSM is managing? (this will help you avoid customer churn in the long run by identifying opportunities and risks early on)
- What is the Lifetime Value, and how can you better understand customers' lifecycles?

As Customer Success is still a relatively new business function, you need to keep an eye out for landscape changes and adjust your management strategy accordingly. Calculating Customer Success ROI may remain a challenge for now, but as the CSM role keeps expanding, customer-centric strategies will become more present and bring significant changes to the industry.

*My strategy for calculating Customer Success ROI may or may not work for you, in which case you'll need to solve this issue on your own. However, this isn't an excuse not to invest in Customer Success because it goes beyond ROI.*

## Why Investing in CS Is NOT a Matter of ROI

Let's take a look at some numbers:

- For B2B SaaS businesses, the Cost of Acquiring a Customer (CAC) is 1 to 3x times the Annual Contract Value (ACV). This means that whenever you are acquiring a new customer, you're actually suffering a loss. To make up for that loss, you need to invest in retaining and growing the recurring revenue from that customer, and this is precisely what Customer Success aims to do.
- Building upon the previous point, acquiring a new customer is between 5 and 25 times more expensive than retaining an existing one ([Bain & Company](#)). Moreover, the probability of selling to a new prospect is only 5-20%, while the probability of selling to an existing customer is 60-70% ([GrooveHQ](#)). And last but not least, a 5% increase in customer retention produces more than a 25% increase in profit ([Bain & Company](#)).
- Loyal customers are also more likely to refer you to others, bringing in new customers. And not only that, but repeat customers refer more people to you than new (happy) customers, and their purchase and spend frequency is also much higher.
- At the opposite pole, for every customer complaint, there are 26 other unhappy customers who have remained silent (but canceled their subscription) - [See Resources](#). Organizations with aligned Customer Success and Product Management teams experience less churn ([UserIQ](#)).

Taking all this into consideration, this is why [72% of businesses name improving Customer Experience their top priority](#). Because ensuring customers are successful is the only way a SaaS business can grow - CS helps SaaS businesses keep their customers and increase their revenue exponentially over time.

So, as you can see, even though determining the exact ROI of implementing

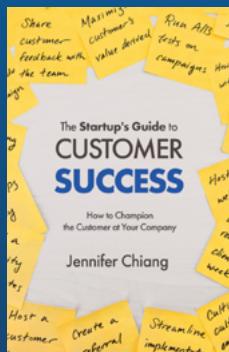
Customer Success into your organization is difficult, determining the losses you could experience if you don't is quite easy. Not only does building great relationships with customers reduce costs over time, but also the increase in revenue (due to customer loyalty) can easily be quantified.

Successful customers are key to business growth - they are more likely to convert to paying customers from a free trial, stay customers longer and spend increasingly more, and refer your product to others.

So, how do you know whether your customers are successful? By tracking, analyzing, and improving specific metrics that you can tie to customer success activity. In the next subchapter, a very special guest author will explain this in detail.

# 5.2

## Customer Success Metrics & Internal KPIs



By Jennifer Chiang

Author of The Startup's  
Guide to Customer  
Success

Head of Customer  
Success at Seso

**Metrics are the backbone of a great Customer Success organization** - they can help guide decisions and alert you when something is awry. However, allow me to start off with a personal story of why you may not want to spend too much of your time and efforts on metrics.

When I first started in Customer Success, I was building the organization completely from scratch. From previous experiences, I understood the importance of having metrics and data-driven decision-making.

So I set out to build a beautiful dashboard and create the perfect customer health score; after all, if I could have a sense of how my customers are doing on multiple fronts, I can be more proactive and, therefore, a better Customer Success leader. However, in hindsight, I realized that this was a mistake.

It was a mistake for mainly three reasons. First, it was **the wrong focus for a newborn Customer Success organization**. I talk about this extensively in my book [The Startup's Guide to Customer Success](#), but focus is your best friend and - you guessed it, focusing on understanding what makes the customer successful is the best way to start (it's literally in our titles - customer success!). By focusing on so many different metrics earlier on, I became "clunky" when I should be staying nimble and getting to know my customer so that I could more quickly iterate on what defines success for them.

Second, I had put the cart before the horse, which resulted in a **loss of focus**. For example, one of the metrics everyone talks about in Customer Success is churn and how we need to make that number as low as possible. Yes, I completely agree that is the end goal; however, if my adoption metrics are down the drain, I should focus on getting adoption up first then trying to strategize on how to decrease churn (or even how to increase daily engagement). After all, if no one can get onto the platform successfully, no one will want to renew their partnership with us because they wouldn't have been able to get any value!

Lastly, it was **time-consuming**. I had spent too much time and energy building and monitoring (not to mention explaining everything that I built to others) that it took valuable time away from me actually working with customers and understanding exactly what made them successful. I had thought that if you just tracked things like daily usage and retention, then you would just "know" how customers are doing when, in reality, the only way to know is to talk to customers themselves.

Let me be clear: you should track progress through your metrics - just don't try to boil the ocean in your beginning stages. In this chapter, I will share what metrics I

recommend folks to focus on when they are just starting their Customer Success organizations, as well as some to consider as you grow.

## The Metrics CSMs Should Focus On

Early Customer Success organizations should focus on metrics that mirror customer journey lifecycle milestones. Often, they correlate to these three stages:

- **Adoption:** also called onboarding, but at what point is the customer onboarded to your product?
- **Engagement:** at what point do you see customer “stickiness”? How do you know whether a customer is using the product (and getting value!) post-onboarding?
- **Retention:** when do you see the customer commit or reaffirm (usually with money) that they are receiving value out of the product?

Depending on the maturity of your Customer Success organization and your product, there are times when you perhaps should track 2 adoption metrics and 1 engagement metric instead of some other mix. I'll detail how to determine each of these metrics and a common metric used for each of these categories in the following sections.

Of course, you shouldn't be calculating these metrics by hand every week, so I recommend getting a lightweight data visualization tool (or even a simple Google Sheet if your system doesn't have a good way to connect to other tools).

### a. Adoption

With the adoption metric, you want to **determine whether the customer has reached the first value milestone on their journey**. Often, this is when they have started to explore how your product or service can provide value to them.

**A common adoption metric for early Customer Success teams is first log-in** (or % logged in for products that have multiple end-users). The reason why this metric is powerful is that it shows initiative to engage. For example, if Slack just started working with a company of 20 employees, and only 1 employee has logged in, then it will probably not be used very well in the company since it is a messaging platform. A low log-in rate for Slack would prompt them to reach out (either through the product or through a CSM) to see how they could remedy the situation and get more employees to log in.

Sometimes time-bound but not always, **first log-in is calculated by how many users have logged into your product over how many total users you have**. When looking at a week-by-week cohort, this could look like 50 users who joined in the week of January 1st have logged in over the 60 total users who joined in the week of January 1st.

Very important to note, **the adoption metric** - along with all the other metrics - **can and should “evolve” as you mature**. For example, at a previous company, we found that our onboarding efforts increased our first log-ins to 90+%, and so we “evolved” the adoption metric to be first-action taken. Going back to the Slack example, it could be the first message sent. This didn’t mean that we stopped caring about our first log-in metric, but rather our efforts were focused on first-action.

## b. Engagement

Engagement tells us whether users are continuously engaged in the platform and therefore getting the value they want. After all, if they aren’t feeling successful with your product and hitting their goals, they aren’t likely to stay. Depending on your product and service, this could look like daily active usage, whereas for others, it could mean whether a user got to “step 10” of the flow or not.

**A common adoption metric for early Customer Success teams is Weekly Active Usage** (also known as WAU). WAU refers to the percentage of users that interact with your platform in a given week. For platforms where end-users need to interact with the service regularly to receive and build on more value, this is an important metric because it shows “stickiness”. Stickiness refers to how entrenched users are with a product, with the gold standard of being so reliant on your product that they could never imagine a world without it because it is part of how they achieve success and reach their goals.

To calculate Weekly Active Usage, you'll need to first **figure out how many users used your platform in a given week**. Then, you divide that number by the number of users that had access to your platform in a given week. For example, if I had 40 users total and 10 of them used my service this week, my WAU for this week would be  $10/40 = 25\%$ .

There are more complicated versions of WAU that measure other things, but I recommend keeping things simple early on to maintain focus. Like adoption, be sure to revisit your metrics regularly to make sure that you are moving things forward and maintaining actionable metrics.

### c. Retention

Last but not least, retention helps us understand whether users do feel like your product is helping them reach the goals they had set out to achieve. Note that while often this is at the end of the customer journey, it doesn't have to be early on. For example, if your product has a “trial” period, a retention metric to track would be trial retention - aka how many customers continue to use your product even after the trial. Sometimes, **the earlier you can get feedback from a metric, the better** since it means that you can iterate (and get more feedback) faster.

The most common retention metric is, well, retention! It is the flip side of churn, and

to calculate it, you need to determine how many customers continued/renewed and then divide that number by how many customers had the opportunity to continue/renew. For example, if I had 10 contracts that were up for renewal in October, but only 7 of them renewed, my retention would be  $7/10 = 70\%$ .

Harking back to one of the mistakes I made early on, **the retention metric does not necessarily need to be your primary focus early on** in your Customer Success career. Sometimes, it makes sense to prioritize efforts around increasing retention, but sometimes it doesn't - only you know what is best for your team. However, it's still important to monitor this important customer journey milestone to ensure that your efforts are on the right track (not to mention, it's often asked for in company presentations to higher-ups or investors).

With these three metrics under your belt, you'll be well on your way to understanding your customer by having a clear sense of what to focus on. Furthermore, as your Customer Success organization matures, these metrics and their evolved states will help inform you what your customer health score should consist of.

## Understanding Team Performance

Another metrics topic is understanding team performance. While there are things like Customer Satisfaction (CSAT) or Net Promoter Score (NPS), early on, you probably don't have enough volume to have meaningful and actionable data. For Customer Success organizations, especially those that are early on, I recommend not making more work for yourself and **understanding where each of your CSMs' portfolios falls in the three metrics above.**

For example, do you find that one CSM has amazing adoption metrics but lackluster engagement metrics? That could be a sign that they may be setting poor expectations or have poor follow-through. Of course, many of these metrics move up and down with each other, which will give you, as the Customer Success team leader,

a good sense of how folks are performing.

As you grow and your Customer Success organization matures, you will naturally adopt more granular metrics (and perhaps also adopt better technology to track said metrics). Just remember that regardless of what size you are, every metric that you track should be action-oriented and directly related to your customer's success.

*You can learn more about customer success metrics and how startups should tackle related challenges by connecting with Jennifer Chiang on [LinkedIn](#) or by visiting her website [guidetocustomersuccess.com](http://guidetocustomersuccess.com).*



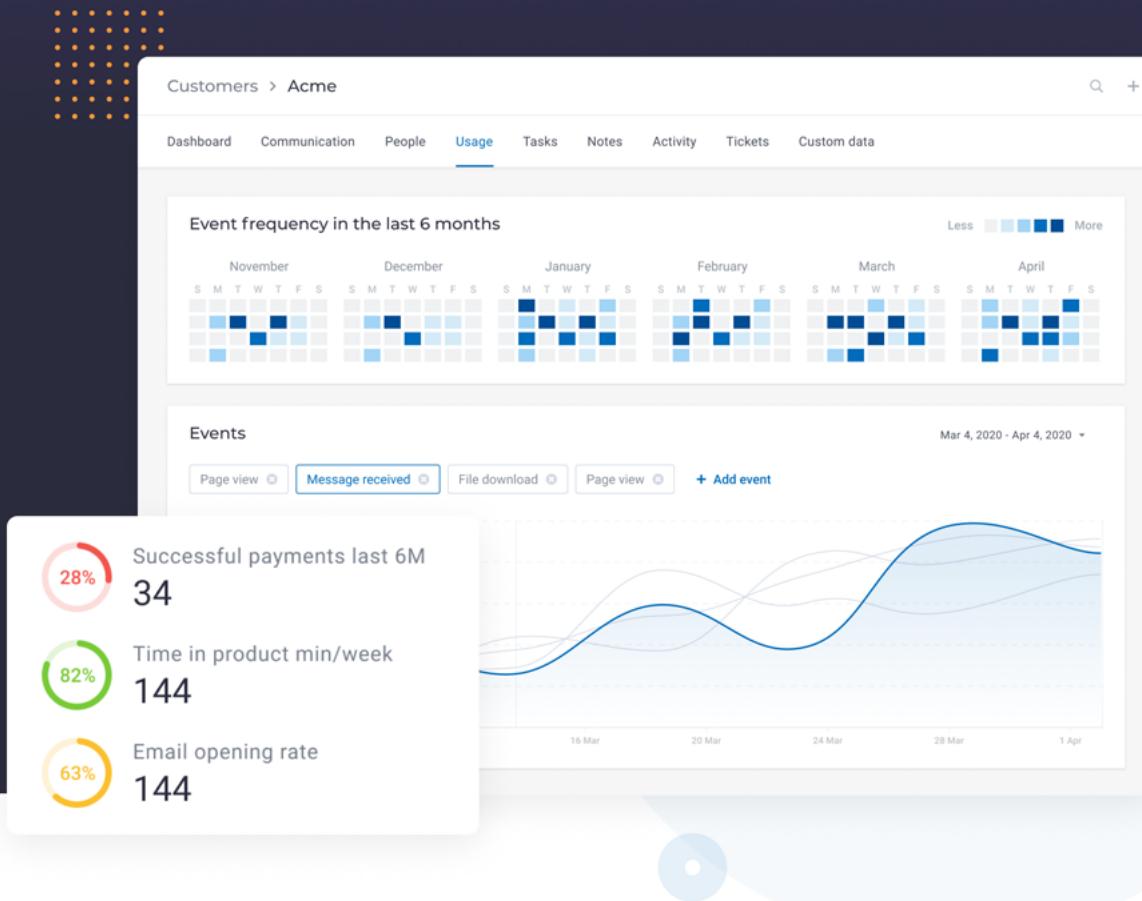
*A good customer success strategy is one done by the entire company. Today's B2B clients are more knowledgeable and more demanding. They expect customer focus, they assume you to personally know them and their challenges. Companies that understand this will ultimately be the most successful.*



**Philipp Wolf**  
Founder & CEO - Custify

# At Custify, we focus on helping SaaS businesses achieve:

- a 360° view on customers;
- a much lower churn rate;
- renewal, growth and upsell opportunities;
- proactive customer issue resolution;
- automated outreach.



Do you want to understand why your customers are leaving?  
See if Custify is right for you.

[Schedule quick call](#)

Build customer success the right way with Custify.