

Building a Customer Success Team

Fostering Success for the Customer and the Service Provider



At a Glance

Many service providers don't currently have dedicated customer success managers—but they should. This strategy brief provides a look at the customer success manager role, outlining why it's so important, and providing insights for building a team that fuels the success of the service provider and its customers.

Introduction: The Goals for the Customer Success Team

Why establish a customer success team in your organization? In doing so, a service provider can achieve two key goals:

- The first goal is to have a dedicated staff member who is focused on customers, so they can cultivate strong relationships, help boost customer satisfaction and loyalty and ultimately make the contract renewal process faster and easier.
- The second goal is to assist sales reps with the ongoing effort of managing existing customer relationships and responding to non-sales related inquiries—so they can focus on generating net new business.

Understanding the Customer Success Team's Roles and Responsibilities

The Difference Between a Customer Success Manager and an Account Manager

In different service provider organizations, executives may view various titles as fulfilling the role of the customer success manager (CSM). These individuals can have titles such as account manager, service delivery manager or incident response manager. While many organizations have account managers, most often these individuals are primarily sales people who carry a quota for new business.

Activities and Responsibilities

Once the contract is signed, the CSM assumes the role of being the primary point of contact for the customer. However, the sales rep will still maintain the relationship, prospect for cross sell and upsell opportunities and so on. The CSM isn't directly responsible for service delivery; their job is to make sure services are being handled well, that the customer is happy, and, if not, make sure that the people who need to make things right know about it and are responding accordingly.

Often, during the service provider's handling of an incident, a follow up request may arise. For example, an end user may see that his workstation needs to be replaced. The CSM can help facilitate this replacement and see the entire process through from start to finish, including generating a quote and submitting it to the approving manager on behalf of the user. Not only does this function as a valuable service for the customer, it can also net the service provider additional revenues.

Many service providers leverage CSMs to generate new revenue. While a CSM is involved with add-on sales (typically product procurement), many successful service providers choose not to assign quotas to these individuals. As part of their ongoing roles, CSMs will naturally help with following up and conducting transactions, and over the course of any given month, these

transactions can amount to significant revenue. In fact, in our experience, it's not unheard of for CSMs to be responsible for 30-40% of total account revenue. That said, the focus of this individual shouldn't be on prospecting; you want the CSM to be positioned to support customer needs. The CSM's primary role should be listening, paying attention to what's happening with the account and making sure the service provider is delivering what the customer needs, whether that means making sure service delivery teams are responding as required or helping the customer procure new hardware.

Proactive Involvement that Yields Strategic Value

Generally speaking, the day-to-day role of the CSM will be filled with a mix of proactive and reactive activities. As a general rule of thumb, it's not uncommon for many CSMs to spend approximately 70% of their time on proactive efforts, and 30% of their time reacting to issues that arise. For example, a customer may not read the agreements in detail, and have a different expectation in terms of a service. The CSM would need to respond quickly to educate the customer, and work to ensure the relationship isn't damaged due to any misunderstanding.

Overall, you want the customer success team to be focused on proactive efforts, working with contacts to find out more about the customer organization, including long-term plans, goals and budget cycles. Ideally, you

want CSMs to become an integral part of the customer team. Then they can get more involved with the customer, including helping establish budgets and goals. By participating in tactical meetings, they can also offer proactive advice. They can help establish how much money to put into the next fiscal year's budget to make sure existing investments stay relevant.

CSMs can also leverage their infrastructure expertise and organizational knowledge to provide input on planning. For example, if the customer is looking to open three additional offices, the CSM may advise replacing some old servers in order to ensure they have capacity to meet the increased demand. With this kind of relationship, the customer success team can help the customer preempt some potential issues and continue to increase the value delivered. This kind of engagement with the customer really goes a long way in illustrating the strategic nature of the services the customer is buying.

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Reporting Relationship/ Organizational Structure

The optimal organizational structures will vary depending on the personalities and working relationships of the various individuals involved and the specific culture of the service provider. Often, it is best to have the customer success team have a direct, solid-line reporting relationship with the sales organization, and also have an indirect, dotted-line relationship with the service delivery organization.

This reporting arrangement makes sense given that, even after the customer is signed, the customer relationship should still ultimately be owned by sales. However, the CSM ultimately needs to have a strong working relationship with the service delivery team to ensure customer satisfaction.

Scoping the CSM Position

For smaller service providers, it's OK to start with one CSM, but optimally, you want to get to at least two CSMs as quickly as possible. Having two CSMs means these individuals can cover for each other in the event of absences such as vacations or illnesses. If a service provider only has one CSM, they'll be forced to have an account rep cover for the CSM when he or she's out, which isn't ideal over the long term.

While the numbers will fluctuate substantially depending on the nature of the service provider's offerings or the size of the customer accounts, a good rule of thumb is that a single CSM should serve approximately 30-35 accounts. Much more than that, and they can be overwhelmed. Less than that, and they may be underutilized.

Requirements to Look For

Often, strong candidates for CSM roles will be mid-level professionals with about five to eight years of experience. As a best practice, look for CSMs that have technical expertise, as well as great customer service and business acumen. These are the engineers customers ask for when they need help with an issue. These individuals can transcend a focus on technology, and take a broader perspective of the entire customer organization, and understand the value of the services being delivered. Whether the CSM is a new hire from outside the organization, or someone who transfers over from another group internally, it's essential that they are well versed in the organization's service catalog, and how service offerings best fit into a customer organization.

For many service providers, the top CSM candidates come from within the organization. Solid engineers who are tired of working solely with technology on a day-to-day basis or who are ready to take a different path in their careers can be great candidates for the CSM role.

The CSM role can be a stressful one. The right person for the job will thrive on the intense nature of fielding customer inquiries and doing what it takes to keep customers happy. On the other hand, the person who isn't a fit in the role most likely won't last long.

Ramp-up Time

How quickly a CSM will make a difference for an organization will undoubtedly vary depending on the nature of the individual, the customer base, and the service offerings. However, it's not unreasonable to expect that, within 30 days, a CSM can help ease some of the burden for account managers in terms of servicing existing accounts. After 60 days, an organization can very likely start to see some financial growth that can be ascribed to the CSM. After 90 days, a CSM can be fully productive and making significant contributions to revenues.

Career Path

After a successful run as a CSM, there are many options available to the individual. CSMs can choose to leverage their experience to go into consulting. Another option is to go into sales, or move into management, potentially either on the sales or service delivery side.

How the CSM Benefits your Business

Customer success teams continue to grow more common in service provider organizations. Most successful service providers have this function in place because of the advantages it provides. When this team is functioning optimally, it helps serve several purposes:

- **Improved service delivery team focus.** Without a CSM, often virtually all requests get funneled through the service desk, including many questions and efforts that have nothing to do with incidents. A CSM role can minimize this, helping service desk staff focus on the inquiries and incidents that they're supposed to be handling.

- **Increased sales focus.** The CSM can handle a lot of revenue-generating activities that sales reps would otherwise be asked to perform. These ongoing tasks, effectively order taking, can ultimately present a significant distraction for sales. If a customer wants to get help with procuring a new laptop, that's an activity the CSM can handle. This frees the sales rep up to focus on what they should be focused on: net new revenue opportunities. At the same time, by establishing a close relationship with the customer, the CSM can also help maximize the value of opportunities for revenue generation.
- **Heightened service value.** When CSMs establish tight relationships with customers, they can be much better informed about their needs, understand how to help and ultimately deliver far more strategic value to the account.
- **Enhanced customer satisfaction.** An effective CSM can play a major contributing role in how the customer perceives the relationship with the service provider, the value they feel they're receiving, and so on. The CSM role can be instrumental in helping the customer see that the service provider relationship is about much more than technology, that it is business focused and delivers real strategic value.

Conclusion

Those service providers that don't have staff dedicated to the CSM role are missing out on a significant opportunity. The CSM can play a major role in helping fuel a service provider's growth. Not only do they free up account reps to focus on net new opportunities, but they help cultivate the customer relationships that can boost customer retention.

About This Document: Developed by the CA Service Provider Center of Excellence

This document has been written by the CA Service Provider Center of Excellence team and is intended to provide our service provider partners with the guidance they need to address some of their most pressing challenges. Our team has rich expertise in service provider businesses, strategic consulting, technical deployments, sales and marketing. Our documents are informed by the Center of Excellence team's extensive experience over the past ten years in helping build successful service provider businesses and by interviews with some of our most successful service provider partners. This document is provided for informational purposes only and on an as-is basis. The guidance and results described herein are based on the unique experiences of our staff and partners, and may not be applicable to all organizations.

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