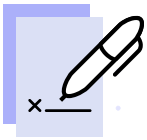


Research: Effectively Scaling Customer Success

Catalyst



I. A Note From the Editor

We're living in a Customer Success Renaissance.

Software as a Service platforms have risen to dominate the software industry, prompting a sea change in the way users find, purchase, and use technology applications. More to the point, it has revolutionized the way users interact with the companies that run them.

Companies no longer deal with users in a one-off exchange of money for product. Now, companies engage in long-term post-sales relationships with customers, and need ongoing assistance to realize value. A Customer Success Manager can help accelerate the growth of both the value of the product and its return on investment.

But they can't do it alone.

The challenge of scaling Customer Success

Growing a CS team isn't as simple as throwing more people into their corner of the office.

There are special considerations unique to CS that have potentially far-reaching implications for a growing business. Challenges like:

- Number of customers to support is growing faster than the hiring budget

- Efficient knowledge transfer between your first CSM to new hires
- Preventing breakdowns in communication as you increase CS staff
- Adjusting effectively to remote environments

The answer, ultimately, is “it depends.”

There is no single answer that will fit all orgs, because different orgs are facing a different combination of challenges and resources.

Our purpose in putting together this document is helping people identify common factors and benchmarks between different CS organizations, and providing insight into what other organizations are experiencing in an effort to inform your own plans.

CS is still new enough that best practices are still being established. This is an opportunity to learn from each other’s experiences and help each other define and adopt best practices across the CS community.

To that end, we’ve surveyed CS influencers, executives, and practitioners across the industry to learn more about how their organizations are scaling their operations. We’ve made some interesting discoveries as a result, and hope that you will find these insights as valuable as we did.

Thank you for joining us in this endeavor, and we look forward to what the future of CS brings.



II. Major Findings from this Research

1. **100% of companies surveyed** consider "Changing internal processes to accommodate growth" to be their biggest growth challenge, while "Organizing and disseminating knowledge" is in the **top 3 challenges** for all companies surveyed.

2. CS is undergoing heavy expansion, with **69% of respondents** currently hiring for their CS teams.

3. Hiring quality CSMs is a challenge, with **48% of respondents** stating there is at least some level of difficulty.

4. Growth-stage companies are more likely to have a dedicated Customer Success platform (54% of respondents).

5. Early-stage companies are **less likely** to have a dedicated CS platform (70.8% of segment voted "no") , while well-established companies are **more likely** to have one (71.4% of segment voted "yes").

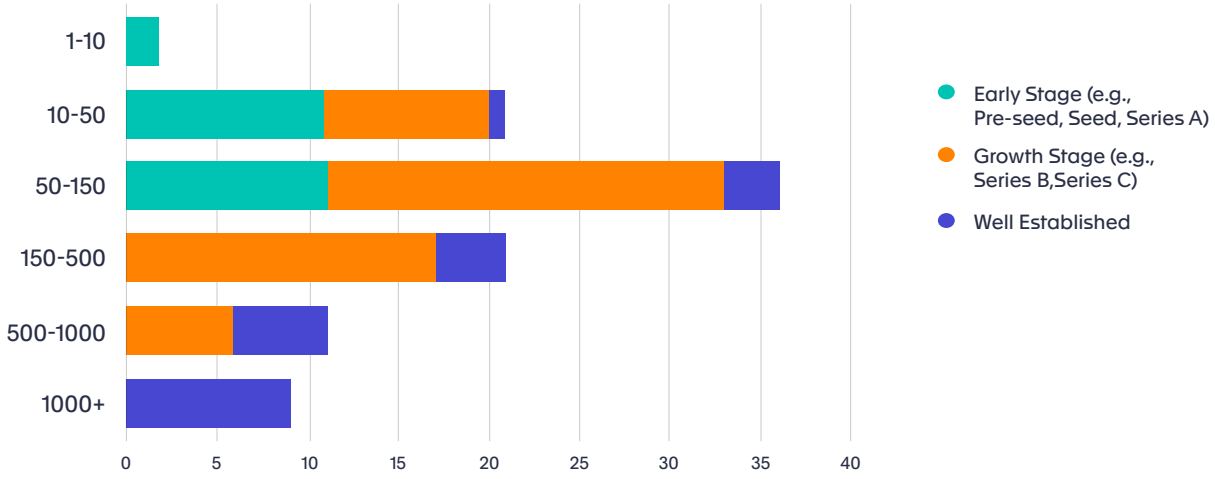
6. **Internal reminders**, **CS playbooks**, and **Customer Health Scoring** are the top 3 automated CS functions among those surveyed.

7. More respondents are **confident** (38%) in their customer health score accuracy than **skeptical** (27%).

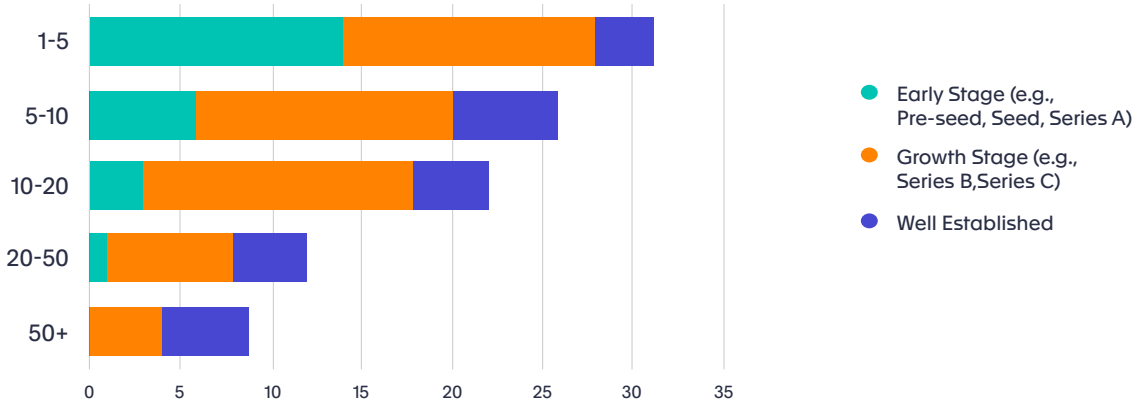
III. Meet the Respondents

For this survey, we reached out to companies of different sizes, growth stages, and industries with active CS operations. All answers have been anonymized for the privacy of our respondents.

How many employees are currently at your company?

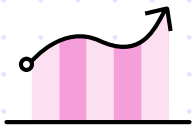


How large is your CS team?



Top Growth Challenges by Stage

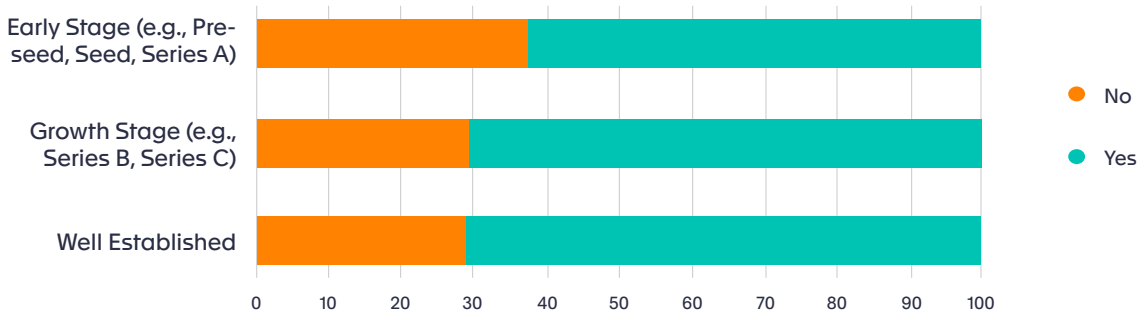
Rank	Early Stage (e.g., Pre-seed, Seed, Series A)	Growth Stage (e.g., Series B, Series C)	Well Established
1	Changing internal processes to accommodate growth	Changing internal processes to accommodate growth	Changing internal processes to accommodate growth
2	Organizing and disseminating knowledge	Organizing and disseminating knowledge	Training/ Enablement
3	Training/ Enablement	Figuring out balance between automation and human touch	Organizing and disseminating knowledge
4	Technology (Evaluating and/or getting budget for software)	Recruitment/ Hiring	Figuring out balance between automation and human touch
5	Figuring out balance between automation and human touch	Training/ Enablement	Recruitment/ Hiring
6	Recruitment/ Hiring	Technology (Evaluating and/or getting budget for software)	Technology (Evaluating and/or getting budget for software)



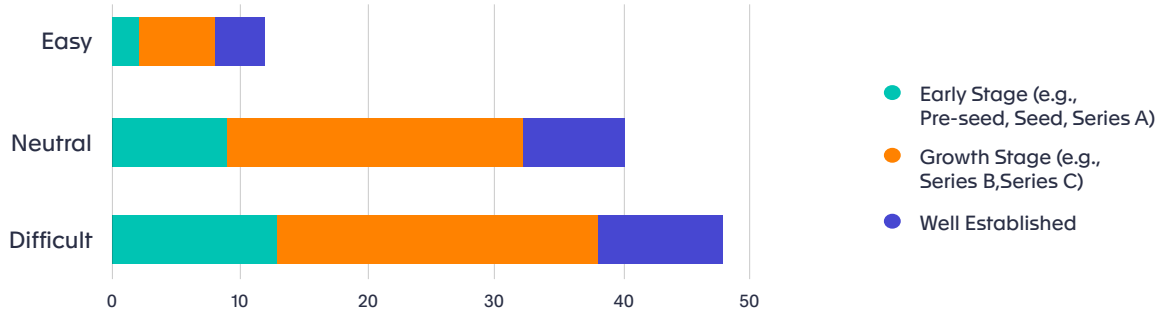
IV. Scaling CS Staff

As Customer Success grows in importance and prominence, more companies are finding the need to continuously scale their CS operations in order to provide consistently high-level service to their customers. But building a team is not easy, and most companies find the process challenging but workable.

Are you currently hiring for your CS team?



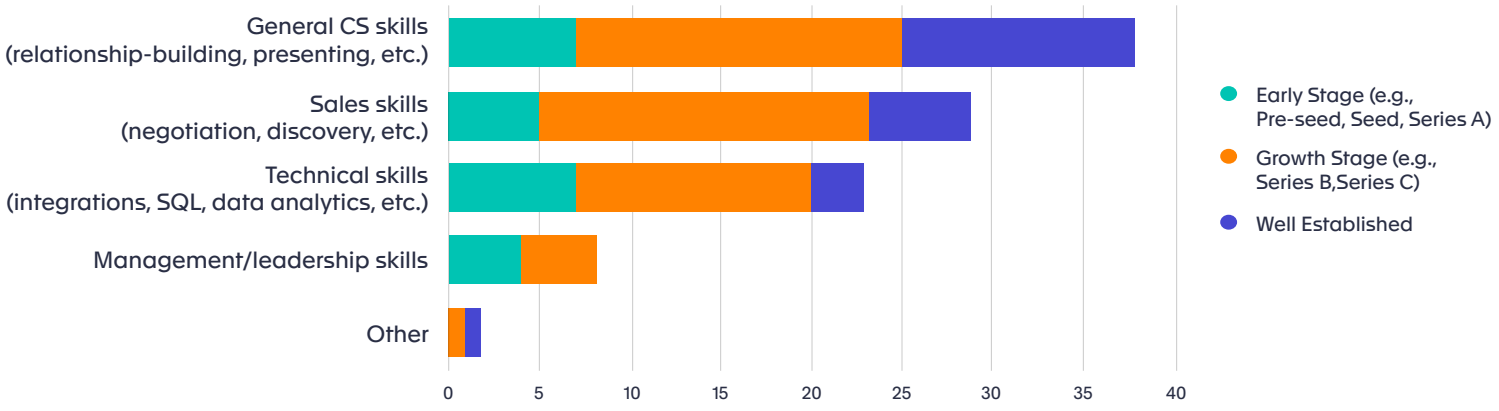
How difficult is it to find and recruit good CS candidates?



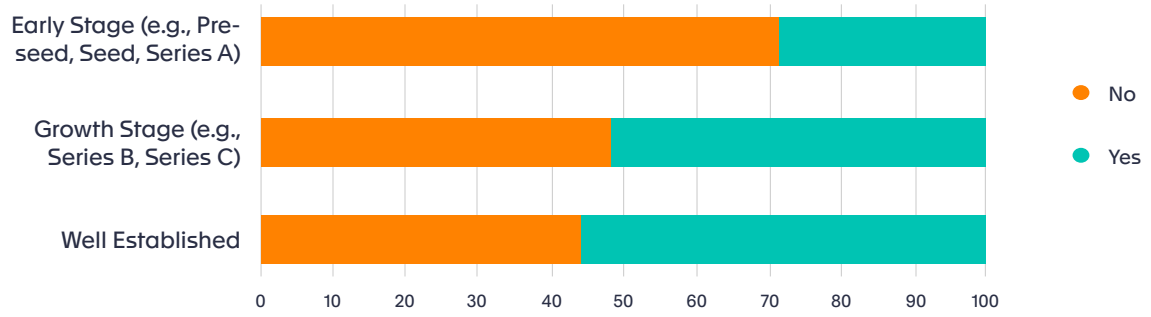
As the data rolled in, we discovered that most respondents wanted to improve their CS teams' skills on general CS tasks like relationship-building and presentation, as well as sales functions. This may be related to the difficulty of finding good CS candidates as noted in the previous slide, and may indicate some level of compromise made during the hiring process

Data also shows that early stage companies are least likely to have a dedicated training budget, likely because of the need to prioritize other aspects of the organization.

Of these skillsets, which are you most interested in having your CS team receive additional training on?

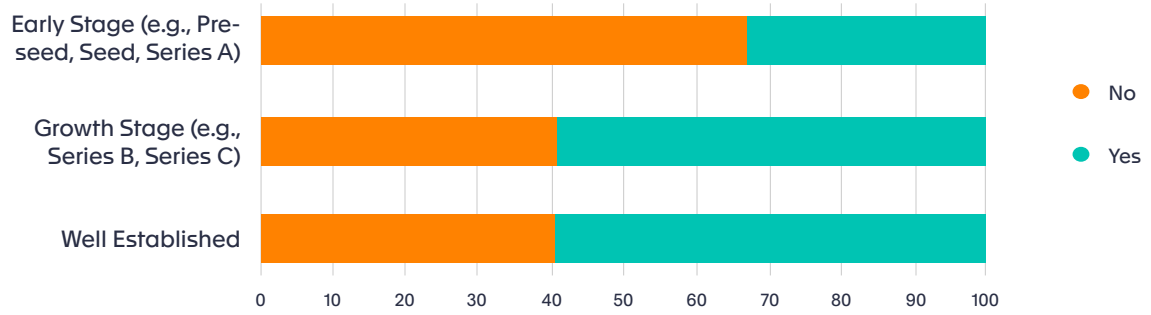


Do you have a dedicated budget for training & enablement for your CS team?



Leveling System

Do you have a clearly defined leveling system for your CS org in place?



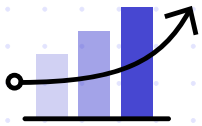
A leveling system is a rubric or process that defines how CS staff can advance in both skill and seniority within an organization. It provides clarity around roles and responsibilities, and boosts retention and engagement.

A leveling system also helps define what the organization's needs are around CS, both for now and in the future.

Culture of CS Team

For this section, we asked respondents to describe their CS team's culture in 3 words. "Collaborative" and "Curious" were the most common by far, showing how important those qualities are to the job function of a CSM.

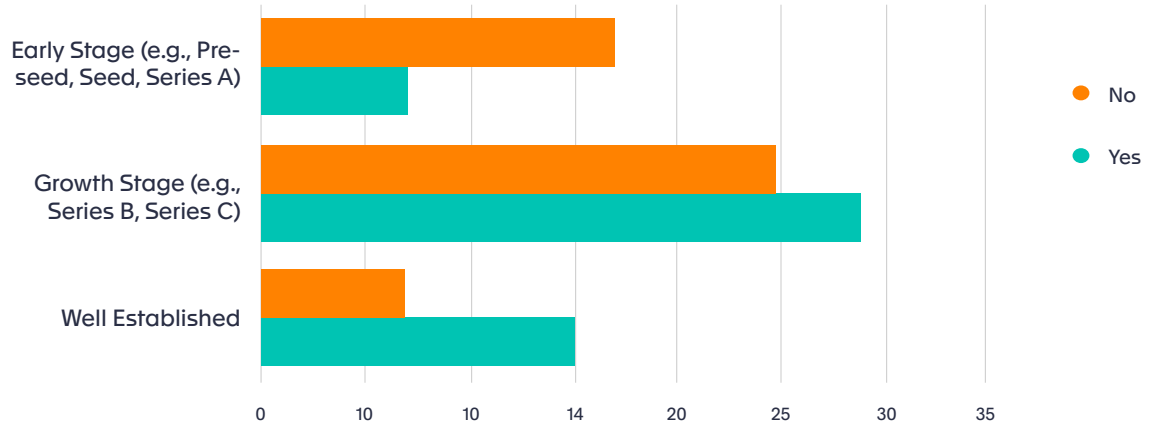




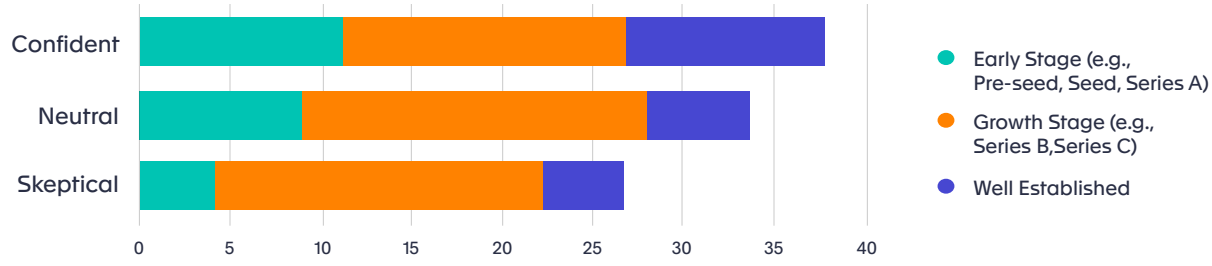
V. Scaling CS with Technology

Technology is one of the most important elements of a successfully-scaled CS operation. With proper tools and automation, organizations will be able to move individual customer success employees away from low-level and labor-intensive tasks and have them focus on tasks that bring more customer value, such as onboarding and training.

Do you currently have a dedicated CS platform?



How confident are you in the accuracy of your current health score?



Fully-automated Tasks

What is a CS function you've automated that has had a very positive impact on your CS org? Can be internal or external.

Rank	Early Stage (e.g., Pre-seed, Seed, Series A)	Growth Stage (e.g., Series B, Series C)	Well Established
1	Customer health scoring	Getting internal reminders about EBRs, renewal dates, etc.	Getting internal reminders about EBRs, renewal dates, etc.
2	Getting internal reminders about EBRs, renewal dates, etc.	Playbooks to keep your CS team on track and consistent	Playbooks to keep your CS team on track and consistent
3	Playbooks to keep your CS team on track and consistent	Customer health scoring	Customer health scoring
4	Onboarding	Getting warned about churn risks	Getting warned about churn risks
5	Re-engaging customers when activity drops	Sending reports/ metrics to customers	Customizing communications by user role and/or segment
6	Customizing communications by user role and/or segment	Customizing communications by user role and/or segment	Sending reports/ metrics to customers
7	Matching customers with the best CSM for them	Predicting likelihood of renewal, expansion, etc.	Re-engaging customers when activity drops
8	Getting warned about churn risks	Re-engaging customers when activity drops	Onboarding
9	Gamification; reinforcing positive actions	Surfacing resources/ support for customers based on lifecycle and/or product usage	Predicting likelihood of renewal, expansion, etc.

Ideas for Automating Customer Success

Automating parts of Customer Success can greatly increase the impact of your team and even lead to outsized results. But how do you automate certain aspects of your team's roles without lowering the quality of your customer relationships?

Better yet, how do you leverage automation to improve those relationships?

We asked respondents which CS functions they've automated that led to very positive impacts to their organizations.

"While our company is well established the CS org and practice areas within are still in an infancy phase. So, our onboarding process is the first automated process we've implemented and so far we've seen a 25% decrease in pre-go live churn. As we build up the CSM org and build out our tech stack, we will be looking to automate many more processes."

"We are still in the process of building the processes but have now gotten to a point in which we can start automatic internal processes. We have automated certain email comms around trial start and end and assigning accounts to CSMs. (Literally went from one to four CSMs this week.)"

"Save plays for low utilization accounts at large enterprise businesses. With such sprawling utilization, we're typically able to save some amount of ARR by sending in-app messaging asking if they want to keep their license."

"The implementation process. While not auto-magic, it's quick, efficient, and easy to replicate for any CSM."

"Engagement campaigns depending on user stage in adoption."

"Customer pulse updates and utilization reports regularly remind CSMs to check up on low-adoption customers."

"Health Scoring - with this, we're now able to more accurately forecast logo and revenue retention plus the CS team is given an extra layer of focus and prioritization."

Planned Automations for CS Teams

Deciding what to automate next can be just as important as the automation itself. Do you prioritize an automation that's simple to execute for some short-term gain, or do you opt for a function that is more complicated to automate but will provide a longer-term benefit? The answer, as always, is it depends.

We asked our respondents to share which automations they want to prioritize for the near future.

> *"When customers complete their training in our online university and also complete their onboarding task, welcoming them to their expanded customer experience and reintroducing customer support alongside customer success."*

> *"Notifying CSM of drops in usage, CSM assignment of new customers, certain aspects of onboarding, year in review summaries (QBR in an email)."*

> *"We're currently looking at the customer journey and determining, by segment, where we can automate. One of those is creating a trigger to alert the CSM when usage/activity drops so that we can re-engage appropriately."*

> *"Identifying usage reduction and playbooks on how to re-engage."*

> *"We're excited to automate our lowest tier plan to test a fully-automated customer experience based on the user's activities on our platform. Only a small segment of our customers are on this plan so it's a good way to test whether or not this type of customer experience resonates with these customers. We may then take what works and replicate or adapt it to other high-touch journeys that can benefit from more automation."*

> *"Risk Ranking, account assignment for CSM and Onboarding, predicable renewals and expansions."*

> *"We're currently working on a way to better automate health scoring. With the implementation of Catalyst, this is the first time we will have had the ability to correlate across multiple data points and get better visibility into what's really going on across our customer base. We see this as a critical part of our success and future growth as we scale in this next year and beyond."*

> *"Customer health scoring, playbooks with designated tasks/action items."*

CS Functions Intentionally Kept Manual

Automation is valuable to a scaling CS operation, but it's not a universal solution. There are still many CS functions and needs that are best performed by qualified customer success personnel. Most of these involve relationship-building and other higher-touch motions.

We've asked our respondents for their opinions on what CS functions shouldn't be automated.

"Onboarding- we've put in place some automation here, but still want this to be a humanistic and welcoming process."

"Matching Customers with their CSM in order to foster the 'BFF' style of Account Management."

"Platform migration for large customers."

"We've intentionally kept onboarding manual. The most important part of the customer journey is onboarding and investing heavily in this experience has resulted in heavier long-term engagement overall."

"The Sales-to-Services Handoff and the subsequent intro to the customer. That internal meeting pre-partnership kickoff is so important, and we risk losing a lot of nuance with automation."

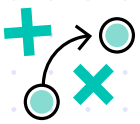
"The complex nature of our platform makes it hard to completely automate Onboarding and Reporting/Analytics. We have put in some standardized emails and reports, but we rely on our CX team to ensure the client is getting what they specifically need at each stage of their lifecycle."

"The process for cancelling a subscription."

"Predicting churn risk. Our clients are banks and there's no way to accurately predict churn risk when dealing with bank mergers and acquisitions."

"QBR's - custom and tailor-made for each client."

"Re-engaging a disengaged customer."



VI. Strategies for Scaling CS

Companies can scale their customer success operations most effectively when they approach it strategically. CS leaders are challenged to use their limited resources in a way that aligns with company goals without sacrificing customer satisfaction. But there is no one single way that works for everybody.

We asked respondents to share which scaling strategies are currently working for them to help improve your own.

> *"We have weekly enablements for our CS Team that serve specific purposes. These may be led by an individual Success person or another department head. The goal of these is to continually enable / train our Global Success org on knowledge/skills relevant to their role."*

> *"You have to adopt a continuous improvement mindset. Process, specific metrics, and the technology to drive your engagement strategy have to always be evolving. This is especially true in hyper-growth environments."*

> *"Using customer data to illustrate usage and value back to the customer when in contract to increase likelihood of renewal by way of reminding them of the value they purchased."*

> *"Transparent and timely communication is key! Key changes in process, people, metrics, and technology are communicated swiftly and with detail to ensure everyone is aligned with next steps. Communicating with context and ensuring the team truly understands the "why" behind changes (which contributes to scaling efficiently) allows us to move and build quickly and effectively."*

"Take a phased approach, especially while you're in growth mode. Phase 1: What do we have today that can help us meet our goals. Phase 2: What are we doing today that can help us build and prepare for phase 2? What changes will we make for phase 2? Phase 3: The long tail, what did we learn from phase 1 & 2 that helps us put in a process for scale and automation? There may be more phases, but always take an iterative approach."

"Putting more onus on the customer, developing playbooks (internal) and content to help our customers do more on their own"

"Cataloging and assigning weights to all actions a CSM takes, building a system of measurement, and looking for efficiency gains."

"Hiring the RIGHT people. We're a tech company and we need CX members to be "tech-able" and teachable. We're also a fully remote company, spanning the globe so we need CX members who are engaging, collaborative, and scrappy."

"Good documentation of knowledge. Especially when hiring new staff, it is crucial to make knowledge on product, customers, market, competitors etc known and easily accessible so that the value stays within the company and does not leave with staff members."

"Building automation based on an actual customer journey map. Making conscious automation decisions based on potential impact & feasibility aligned to the journey of your specific customer."



VI. Key Takeaways

The following are various strategies and practices that may help CS leaders and business owners scale their customer success departments in a manner appropriate to the needs of the customer and their organization.

1. The process is just as important as the people

Organizations need to formalize, develop, and document CS policies and processes as they scale. Doing so makes it easier to onboard new CSMs and sets them up to be able to drive customer value right away. This gives organizations a foundation upon which they can build templates, playbooks, and automations that can scale CS to effectively service a growing customer base. Organizing and disseminating valuable knowledge is also a common challenge that helps both the CS team scale and provide value to the rest of the company.

2. Invest in your CSMs by training them in the right skills

Most companies surveyed are in the market for CSMs, but good ones can be difficult to find. As you expand your team, increase their value to your organizations and to the customers by developing their general CS skills such as relationship-building, presentation, and the like, while also developing their sales skills such as negotiation and discovery. Technical skills are important, of course, but respondents seem to place a higher emphasis on general CS and sales skills rather than purely technical skills.

3. Don't automate too early

As with the case of expanding the team, automation is most effective when your organization is mature enough to have developed and documented formal processes. Collect metrics on different aspects of your CS teams' performance and productivity and from there determine where automation will do the most good. Prioritize automating functions that require little to no direct human intervention such as data management or distribution, event notifications, task reminders, or low-touch communications.

About Catalyst

Catalyst is an intuitive and flexible Customer Success Platform built by CS Leaders for CS teams. We help Customer Success teams centralize siloed customer data, get a clear line of sight into customer health, and scale customer journeys that drive retention and growth. Catalyst provides the robust integrations, flexible platform configuration, intuitive easy-to-adopt workflows, and deep CS expertise to overcome the most daunting roadblocks on the path to driving retention, scaling CS teams, and making Customer Success central in an organization.

Visit our website for more information on how Catalyst can help your organization effectively scale its CS operations. We also have learning resources, industry reports, and other content to help engage, improve, and enlighten your CS team.

