



# **CUSTOMER SUCCESS: THE DEFINITIVE GUIDE**

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**2016**

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## Introduction

Customer Success is transformative.

Whether you have a subscription business or you sell one-off products or services and simply want to do business with your customer more than once, Customer Success should be your driving purpose.

In the two years since I first published this “Definitive Guide to Customer Success,” the transformative power of Customer Success has shown again and again.

Customer Success has its roots in the Software-as-a-Service (SaaS) world and my original definition was very much SaaS-centric.

But since then, companies that are not SaaS, or even technology companies at all, have recognized the transformative power of Customer Success and embraced it as their new operating model.

If you aren’t familiar with exactly how Customer Success is transformative, I’ll lay that out for you below in great detail in this guide.

I don’t know what will happen with Customer Success in the next couple of years, but I wouldn’t be surprised if sometime down the road we’re no longer talking about “Customer Success” as a separate function within a business, but simply as part of the way you do business.

Even today that’s how you should view it.

Why? Simply put; No Customer Success = No Your Success.

You make sure your customers are successful and they’ll make sure you’re successful. It’s a Win-Win!

On the flip-side, if your customers are not achieving “success” with your SaaS, your success is at risk.

Of course, what “success” looks like for your customers is 100% unique to your customers, in the context of your product or service.

So while there’s not a one-size-fits-all definition of lower-case customer success – that’s up to you to know – as far as the concept of upper-case Customer Success is concerned, I’ve attempted to define that for you here.

## Customer Success Defined

Before you can effectively operationalize customer success – hire Customer Success Managers, “spin up” a CSM org, [buy Customer Success software](#), or even look at the 17 elements that go into Customer Success below, you have to take a step back and look at what actual customer success really is.

**Customer Success is when your customers achieve their Desired Outcome through their interactions with your company.**

There are two key elements in that definition of Customer Success to pay close attention to:

- **Desired Outcome** – a transformative concept that essentially describes what the customer needs to achieve (Required Outcome) and how they need to achieve it (Appropriate Experience)
- **“interactions with your company”** – Rather than saying “with your product,” the focus is on all of the interactions your customer has with your company; starting at the earliest touch points of marketing and sales, moving through closing and onboarding, and continuing through their entire lifecycle with you.

If you can keep this simple definition of Customer Success in mind, everything else in this guide will make sense. If you fail to continue with that core principle in mind, nothing else I say will make sense to you.

## Customer Success Management Defined

Customer Success is the outcome we're solving for (and ultimately your company Purpose), but we can't just assume or hope it happens organically. So that brings us to Customer Success Management, which I've created a definition around.

**Customer Success Management is the proactive orchestration of the customer's journey toward their ever-evolving Desired Outcome.**

In other words, Customer Success Management is where you take the goal of Customer Success, understand the steps required to get there, and ensure it happens.

A couple of things to note in that definition of Customer Success Management:

1. **“Proactive orchestration”** – rather than letting the customers stumble around and hope they get value from your product, you acquire customers with success potential and then have a clear path (made up of Success Milestones) that you work the customer through in a way congruent with the Appropriate Experience portion of the [Desired Outcome](#).

This could include training, professional services, high-touch onboarding, self-service onboarding, in-app cues, email follow-up sequences, or training to bridge success gaps.

Being “proactive” can mean anticipating and planning for events to occur, but also monitoring for events that have occurred in “real-enough” time such that intervention appears “proactive” to the customer. In other words, they didn't have to reach out for help; we were already there.

2. **“ever-evolving Desired Outcome”** – we want our customers to change, to evolve, to grow. The customer you had at sign-up shouldn't be the same customer 6-months, 24-months, or 5 years later.

They will evolve and their Desired Outcome will evolve, too. If we do everything right, as the customer evolves, there will be logical points where account expansion (buying more seats, add-ons, etc.) will make sense.

Our purpose is ensuring their success and as they evolve they need to consume more to feed that growth.

## How to Develop a Customer Success Strategy

So, if Customer Success is when your customers achieve their Desired Outcome (what they need to achieve, the way they want to achieve it) through their interactions with your company and Customer Success Management is the operationalization of that, how do we get there?

First, you need to get clear on the Desired Outcome of each of your different customer segments for each of your products.

Then you need to list the [Success Milestones](#) that make up the customer's path toward their Desired Outcome and the level of engagement required on your side to help them reach each Success Milestone.

You need to be clear what they can do on their own – or pay you to do for them – as well as what [Success Gaps](#) exist that you need to bridge along the way.

Then, for each customer segment (and, again, do this for each product), you'll create a plan of time-based ([Onboarding](#), Training, Overcoming Known Success Gaps, QBRs, Renewals, etc.) and data- or event-based actions (Customer Health Score changes, Sponsor changes, [Upsell opportunities](#), Advocacy asks, etc.) that your Customer Success organization will take across the different stages within the lifecycle of the customer.

## True Customer Relationship Management

We often know more about our leads and prospects than we do our customers. But that wasn't always the case; we used to not know anything about anyone!

But sales and marketing eventually began to be treated like actual business processes that could be operationalized – pushed along by innovations in technology – and today it's expected that sales and marketing will be operationalized and data-driven.

Customer Success Management – the operationalization of the entire customer lifecycle – isn't there yet, but it's getting there. For the most part, there are generally pockets of operationalization around the customer – for instance, implementation, support, and training – but those are generally disparate and disconnected.

Probably a better name for Customer Success might actually be Customer Relationship Management (CRM), but that's already taken. Instead, most CRM tools aren't actually focused on the “customer relationship,” but on the relationship with the prospect through the sales cycle. As soon as the sale closes, most CRM tools cease to be effective (or at least effectively used).

But when the customer becomes the customer is when the hard work – and the real opportunity – begins.

## Technology Enables Strategy; Doesn't Define It

One of my early definitions of Customer Success Management was somewhat technology-centric. It said:

Leveraging technology and real-enough-time visibility into customer health – not just usage data, but many contextual inputs – to ensure your customers – including those who directly use (users, administrators, etc.) and those who benefit from the use of your product – continually and increasingly receive value from your product over the course of their lifetime as a customer.

While that isn't wrong, Customer Success Management is not a technology-centric initiative; it requires you to understand what Customer Success is, how Customer Success Management is the orchestration of Customer Success, and what all of that means in the context of your customers.

From there, you can – and probably should – leverage technology to enable you to perform Customer Success Management activities in a predictable, operationalized manner, which is absolutely required at scale. After that, the technology decisions will be easier as those that fit into your well-defined Customer Success Management needs will be few.

## Customer Success is NOT about Customer Happiness

Customer Success can seem fluffy and something that can't really be quantified. Many people still talk about Customer Success in terms of customer happiness or delight, again, something both less quantifiable and ultimately unhelpful.

And it is all of that “delight” talk that can turn people – executives, leaders, boards – away from investing in Customer Success and ultimately does this movement a major disservice.

Now, while I want people – the humans that work for our customer – to be happy, when it comes to Customer Success, that's not actually my main focus.

Rather, my goal is to solve for their success – the Desired Outcome – of our customer, knowing that happiness at a human level may come from that. And if it doesn't, that's okay, too.

See, I'd rather have a successful customer – one achieving their Desired Outcome – [than a customer who is “happy” but not successful](#). In the latter case, they may be happily looking for another vendor that can make them successful.

But it's your most successful customers – those least likely to churn and more likely to buy more over time – are generally your most demanding and they never seem to be happy.

That's going to seem like a problem if you don't understand how things actually work.

But if you understand that happiness isn't your goal – success leading to loyalty is – then you won't fall victim to wrongheaded thinking when analyzing customer health.

Yes, ideally they're both happy and successful, but the latter means they stick around. Successful customers, those achieving their Desired Outcome, tend to not churn... but "happy" customers leave all the time.

## Customer Success isn't about Saving Customers

Customer Success isn't about saving customers who are about to churn; it's about not letting customers get to that point in the first place.

Saving a customer often involves begging, promises, and discounts, which is **NOT** Customer Success.

If you can save them, great, but once saved you must work diligently to get the customer back on track to achieving their Desired Outcome. At that point, they are likely still at-risk.

It is best to continually report back to leadership until the customer is no longer at risk for churn; perhaps monitor and report on a 6-month cohort of at-risk customers.

## Evolving Customer Success Catalyst

Every company has an initial catalyst for investing in Customer Success.

For many companies started without Customer Success as their purpose, that initial catalyst will usually be a high churn rate.

But once churn is no longer the primary focus, the main catalyst for Customer Success becomes Customer Lifetime extension, Account Expansion, and / or Customer Advocacy.

Startups with Customer Success as their purpose won't have churn as a catalyst, but will be working from the very beginning to ensure their land-and-expand sales models work.

## Customer Success as a Purpose

To be effective long-term, Customer Success must be your purpose, not simply a means to an end.

Customer Success cannot be a bolt-on with a short-term intention of improving retention, driving account expansion, or increasing customer advocacy.

You can do things that have short-term benefits in the areas of retention, expansion, or advocacy... but it's likely those aren't truly Customer Success... especially if the customers' long-term success isn't the driving factor behind the initiative.

Customer Success is about ensuring your customers achieve their Desired Outcome, and when you truly help your customers achieve that ever-evolving goal (their purpose for doing business with you), Retention, Expansion, and Advocacy happen.

This isn't just semantics; keeping their Desired Outcome in mind will ensure you operationalize around making the customer successful and not just around avoiding churn (trying to save them!) or driving retention (get the renewal at all costs).

But if your purpose as a company is the success of your customers, and that's what you operationalize and optimize around, the sky's the limit.

## Everyone is in Customer Success

You've heard the old saying "everyone is in sales" right? Well, the same is true in Customer Success.

If you have a formalized Customer Success organization it's easy to point to "those people" as the ones in "Customer Success" but if Customer Success is your Purpose as a company – and that's been communicated across the organization – everyone should realize they play a part in ensuring the customers achieve their Desired Outcome. Sure, the Customer Success organization

In fact, a great question to ask everyone in the company is "how do you contribute to the Desired Outcome of our customers?" Everyone should know this; from product to sales, and from marketing to HR... if you aren't clear on how each person contributes to the Desired Outcome of the customer, how can you say Customer Success is your Purpose?

## Customer Success Beyond Usage Data

Customer Success may have gained popularity initially with SaaS companies, but it's for any company that wants to do business with their customer more than one time.

My original definition of the SaaS Business Model, published way back in 2009, included a tight-coupling of Core Product/Intellectual Property, Marketing, Revenue Model, and Network Centricity... but now I'm modifying the definition to include Customer Success.



Having worked with over 300 SaaS companies – as well as Enterprise Software vendors migrating to SaaS – I can say without a doubt that Customer Success must be a fully-integrated, tightly-coupled component of a complete SaaS Business Architecture.

If you aren't a SaaS company, the only thing you won't have is visibility into the in-product activity of the customer. But that's okay... when it comes to determining customer health, usage data is just one input.

When you don't have visibility into user or customer activity – and usage data really isn't useful unless it shows meaningful activity – it requires you to get creative to uncover all of the context signals you can leverage. There are many other signals that probably exist, that you have access to, that you may not have even considered before.

While visibility into Meaningful Activity – activity within the product that is moving the customer toward their Desired Outcome – is a nice to have, I challenge SaaS companies to come up with inputs beyond usage data to ensure they get the whole story.

Here are some non-usage Customer Health inputs available to any type of software company, SaaS or not:

- Support Tickets – it can be positive, regardless of number, assuming resolutions happen quickly
- Interactions with self-service Help, Knowledge Base, How-tos, etc.
- Training consumption (online/in-person, technical or otherwise)
- They buy Consulting / Professional Services
- They take Upsell / Expansion offers
- They give testimonials, act as references, offer case studies, etc. (also known as Customer-driven Growth)

Some non-usage, negative indicators that may help you predict churn (and hopefully intervene before it happens)

Negative changes to any / all of the above, plus...

- Financial data (are they paying their bills?)
- Changes to internal champion status
- Opt-outs of marketing communication

## **Customer Success Management is Not Customer Support**

Based on the definitions contained herein, it should be clear that Customer Success Management is not simply another way of talking about Customer Support.

Customer Success is proactively working our customers toward their Desired Outcome whereas Customer Support is reactive to customer's break/fix issues.

The best companies – those growing rapidly and taking over or redefining their product category – recognize that helping their customers achieve their Desired Outcome is critical and they've operationalized around this simple notion in the form of Customer Success.

These companies understand that offering reactive, break/fix support – while required – is not enough and have evolved to providing proactive Customer Success by orchestrating the journey of the customer on their way to achieving the outcomes they desire and ensuring the customers stay on that path.

Customer Support – specifically the number of interactions with the customer and how quickly those interactions are resolved – is a critical input into an overall Customer Health score (a key Customer Success metric). It's pretty obvious that if customers can't use the product, they can't achieve their Desired Outcome.

## Customer Success At Your Expense Hurts Everyone

No matter what, though, Customer Success as a core tenet of the organization must be implemented in a way that is positive for both the customer and the company.

It seems odd to have to say this out loud, but if you do whatever it takes to please the customer (like never saying “no” to customization requests), but you do so to the detriment of your company, this is not Customer Success.

If you go out of business or otherwise fail, your customer loses just like you. And that’s the opposite of Customer Success.

You have to [hold your customers accountable](#).

You have to – and it’s okay to – do things that are in your best interest, too.

Take care of yourself (and your company) so you can continue to help your customers be successful (and support them on that path in the manner with which they expect or have become accustomed).

## The Role of Customer Success in...

Customer Success is a customer-lifecycle initiative and must be orchestrated (through Customer Success Management) in a way that includes these elements (if I missed any, let me know in the comments):

### *1. Customer Development*

Often thought of only for pre-launch startups, this methodology should be employed whenever you wish to enter a new market segment, bring a new product to market, or if you need a sanity check on the addition of substantial new functionality.

This way you know who your [ideal customer](#) is, and their Desired Outcome, before you do all the hard work rather than the other way around. Customer Success starts with acquiring the right customers, and that starts with Customer Development.

## *2. Customer Acquisition*

If you don't attract, seek out, and acquire the right customers, not only will you have a harder time (they'll be less profitable, harder to deal with or please, etc.), they'll have a harder time. If they're not a perfect fit with your product, service, support infrastructure, or even your company culture, they are unlikely to have a great customer experience... and are not likely to be successful.

That hurts both of you. Just to repeat myself... [Customer Success starts with acquiring the right customers!](#) Once you understand better who your Ideal Customer is – perhaps based on Expansion, Advocacy, or the Success Potential they have – you should proactively seek out other customers just like them.

## *3. Sales Process Engagement*

Whether during a self-service Free Trial or a higher-touch sales process involving demos and pre-sales Engineering, architecting a sales process that optimizes the path to Success for your customer is critical. You have to know what a successful Trial or Demo means to your prospect and work diligently to get them to that point.

In fact, done correctly, you can easily work past that point and [get them on the path to conversion](#)... but that's a story for another day.

#### *4. Metering / Billing / Payment Process*

One of the key differentiators between a customer and a non-customer is that one (the former) pays you money to use your product.

So ensuring that you have a way to collect payment from the customer, in a way that is congruent with their preferred method of payment, is critical to their success. Yes, their success. If they do not pay, they cannot benefit from your product.

It's also critical to your success, obviously. If they don't pay, you do not get money, you go out of business, they can't use your product... they are not successful. It's a Fail-Fail! So having a billing and payment system – whatever that looks like – is critical to a solid Customer Success initiative.

And monitoring that for potential red flags like late payments, failed payments, [credit cards that are going to expire](#), and other things that could keep them from paying for – and using – your product is critical to Customer Success.

Metering use, billing customers, and collecting payment – all while [monitoring for churn threats](#) and other red flags – is an ongoing part of any good Customer Success initiative.

#### *5. Customer and User Onboarding*

The first step post-sale is to [get your customer to start using your product](#). This process is generally referred to as onboarding and includes the First Run or first in-app experience of the customer, whatever it takes to migrate from an existing system – Data Seeding, Data Migration, User Training, Integration, Customization, Implementation, etc. – and to get up and running on your system.

In fact, if you offer a Free Trial – also considered a part of the Customer Acquisition and Sales Process Engagement phases mentioned above – [onboarding should be part of the experience](#) your prospects go through to ensure they're using your product (and not just evaluating it!) during the trial.

## *6. Initial Engagement (Activation)*

The first step beyond onboarding, when you move a customer from starting to use your product to starting to get value from your product. This is sometimes referred to as Activation, but whatever you call it, it's a critical phase of the customer lifecycle... either you engage them here (what that means is 100% dependent upon the customer in the context of what they're trying to – or would like to – achieve with your product) or you lose them forever.

The [seeds of churn are often planted early](#), and while over-promising in your marketing or during the sales cycle can be the culprit, very often, those seeds are planted during the Initial Engagement phase. It can be a poorly executed hand-off from the Implementation team to the nameless email address that is “support” or it can be that the vendor just disappears after they take your money.

I often look at the 90-days post-sale to get a better idea of what's happening in this Initial Engagement phase; a large amount of churn in that time frame could indicate several issues – from attracting the wrong customers, to other issues mentioned above... to the SaaS vendor failing the customer in this Initial Engagement phase.

A key Customer Success metric in this phase is Time to First Value (TTFV), which is the amount of time it takes from the initial sale to the moment the customer either gets actual value from the product, or, for the first time outside of Sales and Marketing, sees the real potential value in your product. You want TTFV to be as short as possible.

## *7. Functional Support*

This part of the Customer Success initiative (Online help, tutorials, forums, knowledge base, webinars, etc.) is one that continues across the entire customer lifecycle but is likely most needed at very specific points within the customer lifecycle. During the initial use (onboarding and engagement) of the product by the customer, when onboarding new users within the customer organization, as new features and functionality are introduced and/or adopted by the users, to name a few.

This type of support is still reactive – the customer or user sees that they need help doing something and seeks out the answer – but can (and should be) proactive around known [success milestones](#).

Rather than waiting for your customers and users to get lost and feel anxious about what to do next – or how to do it – you should build a proactive approach to Functional Support into your lifecycle messaging (ideally pegged to activity).

## *8. Technical Support*

This part of the Customer Success initiative is one that continues across the entire customer lifecycle. Even this typically reactive part of the organization should [move to be as proactive as possible](#). Looking for patterns that might indicate a customer is having trouble, monitoring for application, data, and infrastructure-level issues that may negatively impact the customer's experience are all ways to become proactive.

But, there are times when the customer may be experiencing pain that we can't – or don't – know about in advance or as it happens. In that case, the Help Desk is there to react to the customer's problem, to correct it, and to ensure the customer is once again getting value from your product.

The Technical Support team should examine every in-bound request to see if there's a way to proactively monitor for that kind of issue in the future, and stop it or reach out with a solution before the customer has a chance to submit a ticket.

From a Customer Success standpoint, Support operates separately from Success (though they sometimes both fall under the “Customer” organization), but their work with the customer is visible to Customer Success Managers and, ideally, feeds into the Customer Health Score.

Lots of tickets from one customer can be a sign of a healthily-engaged customer; lots of open tickets or tickets that take a long time to close or can't be resolved may indicate a customer that's at-risk of churning out, or, at least, won't buy more or be an advocate for us (right now).

On the flip side, giving Support the Customer Health Score of a customer can help them prioritize the queue; maybe a high-value customer that's healthy can wait while we take the lower-value, but at-risk customer first.

This is why a Customer Success Management product like Gainsight integrates with Support tools like Zendesk, Service Cloud, and Desk.com (for example) so it can pull that information into our Customer Health Score as well as provide Health Score context to the support team.

## *9. Customer Feedback Loop*

The best companies recognize that Customer Success Managers have a direct line into how the customers think and talk about their goals, how the customers are using their product to reach those goals, insight into the language they use, etc. All of which can be invaluable in every aspect of the business, from accelerating the sales process and attracting higher-value customers, to creating a product development roadmap that is Desired Outcome-centric.

This part of the Customer Success initiative is one that continues across the entire customer lifecycle, and might currently fall under the Account Manager or Customer Service role to manage, but it's critical that the feedback from and to the customer be shared throughout the organization.

The Customer Feedback Loop consists of Net Promoter Score (NPS) surveys, creating and monitoring the Customer Health/Happiness Index, input from your Customer Advisory Board, frequent outreach to/touch-points with your customer, etc. See “Customer Success Beyond Usage Data” above.

Basically, this is where you monitor the heartbeat of the customer in a way that's powered by technology, but involves a good amount of human interaction.

## *10. Ongoing Engagement*

This part of the Customer Success initiative is one that continues across the entire customer lifecycle, and – coupled with the Customer Feedback Loop – is the key to ensuring your customers are successful and happy. [Ongoing engagement](#) is the process by which your customers continue to realize value through the use of your product.

What “engagement” is changes over the customer lifetime. What engagement looks like 1 week after becoming a customer is very different than 1 month after, which is different from 1 year in, etc.

So knowing what “success” looks like for your customers at every stage along their trajectory as a customer – and monitoring for congruent activity, continually scanning for churn threats, etc. – is key to this part of the Customer Success initiative.

## 11. Customer-Driven Growth

[Social Proof](#) is amazingly powerful... when your Ideal Customer prospects see others like them using and succeeding with your product, there's a level of validation that trumps just about everything else you say or promise. As your customers achieve various success milestones along their journey, their willingness to help spread the word about you – to display their loyalty to your company – goes up, and it's up to you to recognize that and take advantage of it.

Keep in mind that in some industries, in some product categories, etc. this is still a hard sell that requires legal department approval, which you should probably factor into determining your Ideal Customer profile... being the “best kept secret” in your market might seem cool... but it really is a drag on growth velocity.

That said, remember that some aspects of Virality and Advocacy are [built-into your product](#) (if you built it correctly), so “social proof” occurs simply by your customers using the product as intended. But it's up to you to build a system around the customer lifecycle to, at various milestones, work with your customer to create marketing based around their success with the product.

The more invested they are in your product, as will happen over time, and the happier they are with it (what we work hard to increase over time), the more likely they are to work with you on your customer marketing initiatives.

## 12. Customer Intelligence

A big part of Customer Success is knowing your customers better than they know themselves.

The most obvious way to achieve this is to talk to your customers and network inside the industry/niche/vertical that you serve. You know those people that just seem to know everything that's going on in their market? Yeah... you want to be like them. They're the CIA: Customer Intelligence Agents.

Another way to stay on top of this – or an additional way, really – is to create a customer intel process that backfills and appends relevant data from external systems to ensure you have a complete picture of your customer, and to seek out information on the activities of the company (M&A, hiring, layoffs, bankruptcy, etc.), while looking for expansion opportunities, but also for potential red flags like your champion changing jobs or the customer installs a competitors product.

For instance, you could use a service like [BuiltWith](#) or [Datanyze](#) to see if our customer has installed a competitive widget on one of their web properties. Of course, if they removed your widget that would signal a churn threat in your system as you monitor for ongoing engagement. But by not properly monitoring for signals beyond your SaaS, you only get part of the picture.

Rather, if you monitor the activities and signals from your customers, you can be clued into potential issues and proactively reach out to ensure everything is good and maybe save the customer. Remember, the customer just wants to be successful, so if they're checking out a competitive product, that means they're not getting the level of success from your product that they would like.

### *13. Customer Expansion*

The idea of “extracting as much revenue as possible” from clients, if not the antithesis of Customer Success, is certainly not the right way to look at things. Rather, if we can work to help our customers extract as much value out of our product as possible, the benefit to us will be expanded revenue.

The way that we do that is to create a customer experience that delivers increasing amounts of value over time, creating a natural growth in base-product use, a [logical expansion](#) into additional functionality, and where appropriate, adoption of adjacent products from your company.

Just to address a common question that is often raised when we talk about Expansion: currently, there is no agreed upon organizational structure in the Customer Success movement that dictates who within the company handles up-sells and cross-sells. Should the sales organization handle it? Should the Customer Success team be responsible for it? The answer is “it depends.”

Now, I’m of the mindset that sales should be responsible for bringing new customers into the organization and a different part of the organization should be responsible for growing the customer (hunters vs. farmers)... but as a matter of practicality, I can’t lay down a definitive recommendation as every company is different.

And while I’m sure at some point soon we’ll have enough companies implementing Customer Success initiatives as soon as they reach Product / Market Fit and start to scale that, rather than existing companies having to work around legacy “baggage,” we’ll be able to say “this is what works” when building from a pristine starting point... that isn’t the case right now.

So, for now, with most companies adopting a Customer Success initiatives being quite mature, trying to lock down “general specifics” is impossible... at least from a practical point of view.

## *14. Customer Renewal*

Assuming you’ve done everything above, the renewal process should either be a non-event (i.e. it should just happen) or if negotiations take place and a new contract must be written, it will be to lock in rates at their new, expanded usage/deployment level. If you’re on a month-to-month agreement with your customers, you deal with “renewals” every month when they pay their bill... if you’ve done everything above well, those payments will just keep coming and should get bigger on average over time.

## 15. Customer Retention

Interesting that Customer Retention – one of the key elements most people associate with Customer Success – is such a small part of this post. It's not that Customer Retention isn't a massive part of Customer Success, it is. It's just that when you've done all of the other stuff on this list well, the time, effort, and resources you spend actively trying to retain a customer – to keep them from churning out and going to a competitor – should be minimal.

Retention will go from a reactive activity to something that you don't need to worry about.

If you're curious about the difference between Renewals and Retention, here you go:

In a month-to-month setting, renewal and retention are pretty much the same thing since 100% of your customers could churn at any time and 100% of your customers renew every month (even if it's automatic via Credit Card).

This is different from a longer-term contract scenario where [customers can only churn](#) (at least in legal theory) when their contract is up. Technically, we'd say they didn't renew if they churned and when measuring churn in the months where they aren't up for renewal, we wouldn't count them when figuring the churn rate since they couldn't churn (doing so makes churn seem low; only figure in those that could churn).

That said, annual or multi-year contracts aren't always in the vendor's favor, especially for early-stage startups and even more especially for those who aren't savvy to the Enterprise game.

Contracts are often written “on the customer's paper” which means they use their terms, their legal department, and the contract basically locks you into the customer some way (lock-in pricing for some time, usually at a discount is the most common), but doesn't necessarily lock the customer into you.

That means, even with long-term contracts, the customer could still churn. So there's both retention – where the customer doesn't actively cancel – and renewal – where the customer renews the contract.

## *16. Post-Churn Follow-up*

Churn happens sometimes. Some we can control and some is unavoidable. Though most of the time the level of churn [identified as unavoidable churn is grossly overestimated](#).

They say the only churn that's acceptable is either due to marriage or divorce; a company is either bought or goes out of business. However, if you've done everything above well – including really nailing the Customer Intel piece – some of this churn can even be mitigated.

No matter what, every customer that churned out needs to have a reason attached to their record. You need to know for sure why they left. If there was anything you could do better, etc.

A phone call after a cooling-off period – a couple of days or weeks, depending – is probably the best option, versus sending an email. BTW, this is **NOT** the time for an NPS survey!

## **Customer Success is Your Success**

While “Customer Success” as a term and a movement may be relatively new, most of what is covered in this guide certainly aren't new.

What is new this time around, however, is having each of these things we do – these tactics – roll up under the umbrella of Customer Success – not just the organizational owner of the Customer Success initiative, but the overarching Customer Success concept within a company – and having the entire organization aligned around this concept.

I believe you can create initiatives or invest in technology to make each of those items on that list happen or happen more efficiently, and if you do you'll be better off than if you didn't, but without a top-down mandate (or, at least highly-visible and promulgated buy-in) from the CEO, the organizational alignment – or rallying – around Customer Success will fail to take hold in a real and meaningful way.

## About Lincoln Murphy

Lincoln Murphy has one passion: creating efficient engines of growth for SaaS (Software-as-a-Service) and Subscription Economy companies. Through [Sixteen Ventures](#) - the consulting company he founded in 2008 - Lincoln has worked with more than 300 SaaS and enterprise software vendors - from SAP to Hubspot, and from Microsoft to Zendesk – to rapidly accelerate growth.

Lincoln is also Customer Success Evangelist at [Gainsight](#) - a Customer Success Management SaaS vendor - and is responsible for driving thought-leadership in the areas of Customer Success, retention, churn mitigation, and expansion revenue. Follow him on Twitter [@lincolnmurphy](#).

