WHITE PAPER

It depends on whether you want it to last.

Looking for an easy answer to a complex question is human nature. We all do it. Our brains are super computers biased toward finding the most efficient (and often easiest) solution. It's our instinctive reflex when faced with the unknown because we would rather embrace the immediate satisfaction of having "the answer." Whether they are the best answers is at the heart of the subject for this article.

The infamous saying by English playwright, John Heywood, "Rome wasn't built in a day, but they were laying bricks every hour," is a reminder that creating something significant requires time and patience. The Roman leaders responsible for building an empire that lasted almost 1,500 years and stretched across multiple continents also had a complex question to answer: "Once we've acquired this new territory, how do we best govern this land, its people, and resources to maximize its contributions back to the growth of the empire?" The quick answer is to simply deploy legions of Roman centurions and force them to cooperate. Sounds effective, right? Not so much.

Although the Romans were admittedly well-known for some archaic ideologies, they also realized that basic, brutal tactics alone wouldn't enable them to achieve their dream of a long enduring empire.

The harder but much more logical answer they arrived at was this: To reap the full benefits of an expanding empire, they had to figure out how to provide conquered populations with the minimum essentials of life in food, water, and lodging. They had to convince people that their lives were improving, and that acquiescence was better than resistance. One example that encouraged the former was that the Romans established an intricate system to deliver water by building aqueducts (aboveground channels made of stone, brick, and cement) to carry it from higher ground over great distances to the population centers. While, at the same time, they enforced new laws to govern the land to wear down any resistance. This quid pro quo set clear expectations for all of those who lived under Roman rule. Easy? Hardly. But it addressed some basic needs for people while allowing the empire to grow rapidly and to maintain relatively peaceful societies for long periods of time. The thing was built to last.

And you thought your role as a Customer Success leader was challenging

We've heard it all before. Why don't we just hire a couple of CSMs and have them focus on retaining our customers? Boom, done. Or worse yet, our support folks or account managers are already talking to our customers, why don't we just call them CSMs and tell them to chase renewals now, often in addition to their existing responsibilities. These are easy answers to a complex question. And if you've been around long enough, perhaps you're starting to realize that you have more in common with the long-term practical ways of thinking of those late Roman leaders than you do with others on your leadership team. You know these easy answers won't work.

The harder, much more logical answer is that there are so many moving parts to a fully functioning Customer Success practice that's built to drive higher rates of retention and growth. But the pressure to do it quickly can be intense. It causes confusion and stress and it's not easing up. Expectations are high for Customer Success to make quick, large revenue impact moves, especially in today's economic climate of constraint and elevated measurements of ROI.

It's natural then to ask ourselves, as leaders, how long should it take to develop a Customer Success team and a fully functioning practice? We get this question from our clients all the time. It's one of the first things people ask once they've decided to develop a Customer Success team. Executives are breathing down their necks. Your colleagues in other organizations are asking how the initiative will affect them and their teams. CS leaders are responsible for setting realistic expectations with these executive stakeholders and are often in the position to jumpstart their company's first Customer Success organization yet find themselves unable to answer this seemingly simple question. So, how long does it take to build a Customer Success organization? I answer them with this. It depends on whether you want it to last.

The path to Customer Success excellence is a marathon, not a sprint

The first thing CS leaders should understand is that building a Customer Success organization from the ground up will take time. In our, and much of the CS industry's experience, it takes about three to five years to get a Customer Success organization up and running. If we're talking about full Customer Success maturity, plan for much longer. There's really no escaping it. A lot depends on factors like the starting maturity point of the organization you're inheriting, the scope/charter of Customer Success at your company, how complex your business offering is, how flexible (or antiquated) your company's culture is, and the resources at your disposal both in the beginning and as you advance your capabilities over time. For example, we've found that getting executive buy-in early, so that the change is driven from the top down versus through a grassroots effort, is a highly effective way to speed up the process. You'll find that starting with support across your company, will naturally move things much faster than if you were required to go through a painstaking process of lobbying support from your cross-functional peers.

Larger companies are typically slower to change than smaller, more agile start-ups. Embracing helpful change management principles can mean the difference between establishing a strong CS foundation within a swift six-month period and taking over a year to get your feet under you. Every CS leader is going to run into seemingly unique challenges, but the process (and how long each phase will generally take) *can* be mapped out to help you get a better idea of the road ahead, and set better expectations with your team.

Even though it may take a while, and the path forward will challenge you at almost every level, we are here to reaffirm that the fight ahead is worthwhile. Over the years we have seen hundreds of careers made, countless promotions, thousands of raving customers created, happier balance sheets (and CFOs), and small fortunes awarded to those CS leaders who have completed the trek to the other side. Making the commitment to build out Customer Success capabilities demonstrates a business's dedication to their customers and the value they provide them – and we believe there will be disproportionate rewards for those who remain ahead of this wave in Customer Success.

A timeline for implementing a Customer Success function:

It's easy for someone to tell you that you can simply follow a step-by-step program and end up with a fully functional Customer Success organization by its completion. But in our experience, things are rarely that simple. Implementing a scalable Customer Success function is complicated, and it can be challenging.

I get asked about the timeline for forming a Customer Success organization so often that I sat down with my strategy team at ESG, several of our industry-leading clients, and a couple of trusted consultants to create a detailed roadmap for each phase of building a Customer Success function from its very beginnings all the way through to advanced capabilities and beyond. We combined our industry expertise and years of experience assisting our clients through each of these phases to determine how long each stage of development generally takes.

Of course, some of these stages will overlap and can be done in parallel, but much of this process is built on the learnings from the previous phase. Speed is often the enemy of quality and rushing through a phase likely means you'll unexpectedly pay for that at a later date. We've seen plenty of evidence of this happening in the community. If you want to avoid box-checking and actually see the needle move where it matters most, here's what implementing a brand-new CS function looks like.

Customer Success roadshow: 3 – 6 months

To be candid, most businesses we work with have skipped this step altogether (though not all of them). Yet, it's perhaps the most critical activity any CS leader can perform to set themselves and their organization up for success in the long run. A CS roadshow involves formulating the the 'why' of Customer Success, but it's much more than simply answering the question: Why do we feel like we need Customer Success?

You might want CS because Support is drowning or leadership wants Sales focused on acquiring new logos. That's the easy part. The next step is really digging into what it means for *your* business and for your customers' unique needs, and then using those answers to document and define your CS charter. For example, some companies have a reasonable expectation that Customer Success will be able to flow customer feedback into the company's products and services teams, thus enabling a virtuous cycle of improvement. This is a laudable aspiration, and while it would be challenging to operationalize this in a short six months, the vision could factor into your charter which could win over necessary allies during a roadshow.

With a clearly articulated problem statement and proposal for its solution, you can then go and have conversations with other departments and executive leadership about what Customer Success will look like, what you need from them to implement it, and what you plan on bringing to the table once you're up and running. Cross-functional alignment doesn't happen by accident. As a new leader, you've got to reach out to and work with your counterparts in Sales, Support, Product, Finance, and Marketing. This is why we call it a CS roadshow because it involves sharing your plans for Customer Success across the business and giving other departments (and your C-suite) the opportunity to contribute to the process of formulating your charter.

Sure, you could probably sit down and crank out a draft of a charter as a short weekend project. But the process to get buy-in from all the right people, establishing fertile ground for the following phases, cannot be rushed. We've seen CS leaders skip this phase, get one year into their plan, lose momentum, and be forced to scrap their plan entirely. When this happens, you've got to turn the bus around and get the right people on board before continuing on. Ouch.

Foundations and Design: 6 – 12+ months

Establishing the basic and fundamental building blocks of Customer Success is the next phase of implementation, and its timeline can vary depending on how agile your business is. In our experience, larger enterprise companies take longer to manage these changes than smaller, younger SaaS companies. We've seen companies establish foundational CS capabilities in as little as six months. Others we've seen take much longer because there are more hurdles to clear. A legacy hardware provider pivoting into the SaaS space will likely take much longer to transform established systems and processes than a mid-sized business with more structural flexibility. A multi-product organization has a steeper climb than that of a single product company. Those operating in multiple regions around the globe will have to navigate varying time zones and cultural differences in response to proposed changes. Is your company growth strategy focused on heavy M&A activity? Expect these variables to extend this phase considerably.

Another factor determining how quickly (or slowly) this stage goes is whether you've successfully completed the previous phase and received buy-in from your CEO and other relevant executive stakeholders. If your leadership team is already on board, implementing CS happens from the top-down, which will be much faster than if you're doing shadow projects and building a grassroots and unsanctioned business case for CS from behind the scenes (a reality for many CS leaders we speak with).

4

In this phase, you're optimizing customer segmentation and tiering, building engagement models and journey maps, capacity planning, baselining early metrics, and determining the structure of your team, including clearly defined roles and responsibilities. If you're lucky, Customer Success Operations usually enters the playing field in its early stages of maturity, and you're beginning to making critical decisions about your team, like how to compensate your CSMs.

Develop and Deliver: 6 – 12+ months

With a strong foundation in place, you can now accelerate towards the development of supporting initiatives you'll need in place to execute and measure the optimized operating model. There will likely be some overlap between parts of this phase and the previous one, but setting the right expectations with your leadership team about the typical length of this phase (6-12 months) is crucial to your success as a CS leader. Here, you're broadening your view of critical CS metrics outside of the standard lagging financial metrics so that you can begin to build predictive models. You're developing additional playbooks for CSMs to follow so they can maximize engagement opportunities with their customers while establishing the right controls to drive internal adoption of new standard operating procedures.

You're also developing/refining customer health scores to proactively identify risk and opportunity across your vast customer base and using early evidence of success to begin developing the requirements of what technologies, based on your specific environment, will be best to scale this optimized operating model. For many CS leaders, Human Capital Management – your strategy to source, hire, train enable, manage, and retain employees – is improved concurrently in this phase as well.

Testing, iterating, validating: 6 – 12+ months

Before you begin advancing your Customer Success capabilities, you should allow adequate time to validate that everything you've established up to this point is working out (and find out what isn't). Customer Success is a highly iterative practice, and these early learnings are crucial to long-term success. This phase is often time consuming because you're assessing impact across the entire customer lifecycle. For example, if you have a 12-month renewal cycle, depending on the hypothesis you are testing, the length of the full contract may need to be accounted for in your test group. Of course, you can speed this up by alternatively testing leading indicators instead of lagging indicators like renewals, which provides some evidence of success earlier (like reducing time to value). Other activities we've discussed are likely happening in parallel, but this phase is a sizable commitment and requires its own consideration.

We look at this stage as measuring, iterating, and validating your initial engagement models, customer journeys, health scores, playbooks, and broader data mapping. CS leaders are refining their messaging for both external (your customers) and internal communications (revisit that Customer Success roadshow!). You might also be developing an initial CX strategy, i.e., Voice of the Customer (VoC) initiatives. This interval can (and, in my humble opinion, *should*) also be used to assess, select, and prep for tool implementation. Yes, you really need your very own Customer Success Platform (CSP).

Launching a technology platform to scale: 6 – 12+ months

Based on your validated requirements informed by previous phases, here you select and launch a technology platform (hello, CSP!) so that you can eventually execute a digital Customer Success strategy that helps your organization scale alongside customer growth. This stage is about driving internal adoption of your platform and then testing and measuring the tool's effectiveness with a particular focus within one high-priority segment or use cases(s). Scaling your high-touch engagement model is a common place to start, as most of the company revenue is located here, and the initial use case can be quite compelling to drive adoption. I recommend embracing change management best practices for the quickest results.

Some CSPs are easier and faster to implement than others. Some CSPs have more of the bells and whistles than others. Some CSPs are better for you in the short term, but may not be the right long-term tool to help you scale. Some CSPs are simply more economical than others. The right CSP for you will be heavily dependent on your unique environment, what you're looking to accomplish, and the commercial reality of your business (aka the budget, time, and resources available to implement the tool successfully).

I know that some of you aren't going to have the budget or support for a CSP, and that's okay (again, not great, but okay). If you need to work with a legacy CRM tool, you gotta do what you gotta do. But factor in a lot more time to modify that technology to meet your CS needs (and know that it will never be perfect). Here's the bottom line: at this stage of Customer Success, spreadsheets just aren't going to cut it anymore.

Expanding functionality: 6 – 12+ months

Things are really taking off now. You are past initial tool implementation and ready to leverage the automation capabilities of your CSP to execute your initial digital Customer Success strategy. Of course, you'll continue to optimize your high-touch engagement while extending the best parts of that model to other segments by harnessing basic digital CS capabilities. You'll expand your focus beyond where the greatest concentration of your revenue comes from and begin to nurture your long-tail customers too. This means extending your engagement models (or even utilizing dynamic engagement) to your mid to low-touch customers.

And remember, you should allow adequate time to validate that everything you've established up to this point is working out (and, again, learn what isn't). Many companies who pursue digital customer success end up with a lot of activity and very little productivity when they fail to heed this warning.

Advanced capability development: 12+ months

At this point, you've forged a fully functioning Customer Success organization, and you're ready to take your capabilities to new heights. You've worked with your executive leadership and your colleagues to infuse Customer Success best practices and ideology into your company's culture, growing the business and positively impacting critical metrics like NRR.

6

You're ready to look back at what you've done and improve upon it even further – building advanced playbooks, discovering new tools and technologies for better automation, and leveraging AI and machine learning to find new, better ways to push the boundaries of what's possible. We just launched automated EBRs for a client in this phase. Talk about game changing advanced capabilities. Yay!

This is the part where I tell you about the biggest secret in Customer Success excellence. And it's simple. You never really achieve an "end-state." You never stop growing and evolving because your business doesn't and, almost more importantly, your customers don't. This phase of CS development is 12 months to *infinity* because CS leaders need to constantly improve their practice and their organizations.

The target is always moving. Your product will change. Your competitors will evolve. Your industry will inevitably be disrupted. If the last few years taught us anything, it is the sheer unpredictable nature of the world and our place in it.

As responsible leaders, you'll always explore new ways to connect with your customers, find new tools to help your teams, and discover new opportunities to cooperate and collaborate with other departments so the whole business flourishes. CS leaders are some of the most curious and creative professionals out there – always seeking out fresh ideas and new frontiers. This phase of CS growth and development never really ends. Nor should it.

What's ahead?

We can be certain of one thing when it comes to business. Change is constant, and the way we do things today will not be the way we do them 10 years from now. It's important, therefore, to build our systems of work to be adaptable and inclusive of new information. To be clear, the Roman rule was not perfect and flawed in many ways, yet they built adaptable systems that lasted. They could have taken a conventional approach for the times - the easy path - to govern their newly acquired territories. But they understood that by doing that, their long-term objective of building a civilization that could endure centuries would fail and would never be realized because it would lack necessary sophistication.

In your effort to build a Customer Success practice, you shouldn't have an expectation that it will endure for 10 years let alone 1,500. Business will evolve too much for anything to stay the same. But you can strive to build your organization thoughtfully and methodically so that it will support the business for many years to come. By resisting the seductive allure of quick and easy-seeming answers, you will have built something that best leverages all the strengths of your company in service to its lifeblood, its customers.