



The Customer Success Maturity Model

As Customer Success practitioners, we know that everyone would love a how-to manual with all the best ways to implement and grow their CS organizations. From the beginning, we've been dedicated to helping businesses navigate this emerging discipline. What we've learned is that there is no one "right" way to do Customer Success. *But* there are ways to make the process of building and expanding your CS practice much easier on everybody. It's the work smart not hard strategy, and we've been busy perfecting it for Customer Success teams across the spectrum – whether they are in the early stages of developing this function, at the jumping-off point for major growth, or ready to truly take their CS game to the next level.

To properly assess the characteristics and capacity of Customer Success organizations in this ever-evolving field, we've aggregated findings from interviews with over 100 CS leaders, best-in-class research firms like TSIA, and our work with dozens of CS friends, consultants, and customers to build an industry standard for Customer Success maturity – the ESG Customer Success Maturity Model.

What is the ESG Customer Success Maturity Model?

If you're scratching your head at this point wondering what on earth we're talking about, **the Customer Success Maturity Model** is a proven, comprehensive framework used to define, organize, and benchmark the capabilities every CS organization needs to build a CS practice, operationalize its foundation, and transform its critical function to scale. In other words, it's a frame of reference to gauge your Customer Success development against your peers.

At its core, Customer Success is about delivering on the promises you've made to your customers in a way that brings them value. But, when you dig deeper, adding CS to your company's org structure is not a simple or straightforward undertaking. Missions like perfecting the adoption journey or deciding who owns renewals can quickly add up to a seemingly insurmountable list of tasks and operational challenges that will have your head spinning. At ESG, we've taken everything there is to know about thriving Customer Success organizations and distilled it down into one data-driven approach for mapping your most important CS capabilities.

The ESG Customer Success Maturity Model is not about telling you what you already know. It is a deep dive assessment with 150+ data points mapped across three distinct categories: *Build*, *Operationalize*, and *Transform*. We've identified 17 fundamental CS capabilities and sorted them into each category for a big picture view of the functional maturity of your CS organization, which then allows for the creation of a prescriptive plan for achieving tangible results.

Focusing your time and energy in the right places

What do you gain when you have this 360-degree view of your Customer Success maturity? Well, we've already mentioned performance benchmarking – your ability to measure your CS abilities against other businesses like yours. This isn't meant to be a game of 'keeping up with the Joneses,' but rather a way to validate your competitive advantage alongside your peers. Not necessarily direct competitors, but this means global Enterprises can see how they stack up against other global Enterprises, and one high-growth startup compared to others in that same category. This frame of reference helps you see if your CS strategy is ahead of the pack...or if you're lagging behind.

Customer Success is also notoriously difficult to track via hard revenue numbers. It can take a year or longer to really see the impact of the right CS strategy across an organization. The **leading indicators of Customer Success** can be difficult to measure, and lagging indicators take time to gather. The objective results of a maturity evaluation give you a concrete baseline to demonstrate your progress and predict your long-term performance in the interim.

But finally, and perhaps most significantly, this comprehensive evaluation helps you identify all the critical components of Customer Success, where your gaps are, and where to concentrate your limited time, energy, and resources to make the most impact in the shortest amount of time.

The capabilities you need to build the foundation of Customer Success

The first category of the Customer Success Maturity Model is all about laying the groundwork of your CS practice. There are five key capabilities broken out under this Build category that all revolve around the building blocks of Customer Success. When you have these basic fundamentals in place, it means that your organization is established and ready to grow.

1. Segmentation

Customer segmentation is the first capability on our list because the downstream effects of poor segmentation can be so far-reaching. **Customer segmentation influences everything** from how well you allocate your CS resources to whether or not your customers renew. If your customers are properly categorized, Customer Success costs actually go down and, over time, sales and marketing costs will decrease as well.

2. Engagement Model

Your CS engagement model is the structured process by which CSMs engage with your customers. Each customer segment will have their own engagement procedures, delineated by factors like high touch and tech touch (though these pathways of communication are **no longer mutually exclusive**). As your maturity grows, you might take on a more dynamic approach to customer engagement – a trend **TSIA has recently called** out as one to watch in 2021.

3. Organizational Design and Structure

Where does your Customer Success team sit within your larger organizational structure? Hint: the higher, the better. Fewer organizational layers between your CS leader and top brass mean more efficient delivery of CS to your customers. And TSIA agrees that a **fundamental building block of Customer Success** is having a proactive CS leader reporting to a higher-level executive team, ideally one in charge of customer growth like a Chief Customer Officer.

4. Metrics

We're sure it comes as no surprise to anyone that formulating Customer Success-based metrics is a critical component of effective CS. By tracking lagging metrics like NPS and churn and leading indicators like engagement and usage, you gain critical visibility into the health of your customer relationships and the ability to drive focused results. You'll really feel the momentum of this capability when you can utilize these leading indicators to predict the performance of your lagging ones.

5. Reporting

The final Build capability has to do with everyone's favorite thing – data! It's not just us, right? Who else loves to dig into a juicy financial report or sit down for a long look at a colorful dashboard or pie chart? Even if you don't love data like we do (impossible!), you'll love the deep insights you gain from having access to reports and data on the effectiveness of your CS organization.

The capabilities you need to operationalize your Customer Success practice

Scaling Customer Success requires operationalizing processes and procedures. You want more customers, and you want your new customers to be just as happy and supported as the rest of your customers. You aren't going to be able to constantly expand your CS team at the same rate at which your business grows. This means taking everything that is working (or could be working) for your CS organization and building it into the processes and systems that allow you to support that potentially infinite number of customers with your finite resources. Constructing and evolving these processes is the second category of capabilities on the ESG Customer Success Maturity Model.

According to TSIA's **The State of Customer Success 2020**, operationalizing the customer journey is one of the six key elements of scaling CS. "This practice combines three Customer Success capabilities, journey mapping, success plans, and playbooks, in order to orchestrate a meaningful scripted set of time, event, and value-based milestones as customers achieve outcomes over their life cycle with technology and services."

Let's break that down a bit.

TSIA has identified three critical capabilities for operationalizing Customer Success. In our experience, as you'll see below, journey mapping, success plans, and playbooks, are absolutely fundamental to this process. But for our Maturity Model, we've broken these capabilities out a bit further.

6. Playbooks

Customer Success playbooks are the plans you have in place for CSMs to engage with your customers proactively with specific goals in mind. Playbooks should act as a guide for CSMs, letting them know that if x happens, do y. Success plans fall under this capability, and they are usually broken out by customer segments and lifecycle stages. Ideally, you'll have some technology in place to assist your CSMs to automate some of these tasks, like an in-app engagement software that **helps guide your customers through onboarding**. Playbooks will allow you to build a consistent customer experience with fewer resources. As you mature, they will help drive predictable delivery and capacity models.

7. Operationalize Manual Processes

This capability is a tricky one because it's all about your ability to measure and then scale existing manual processes. We love automation, but the reality is that you'll never be able to automate *everything* (nor should you), so you need to have systems and standards in place to ensure that processes (even manual ones) are effective and driving results. We consider a process to be operationalized once it is both repeatable and measurable – could a new employee easily accomplish it, and can you measure its effectiveness? Speed is also a factor here because the faster you can develop and operationalize new processes as they're created (without sacrificing quality, of course), the faster you can utilize those newly implemented processes to improve both your employee and customer experience. Oh, and we're sure all this process-talk has you in standardization mode, but don't forget to maintain flexibility as you continue to iterate and evolve.

8. CX (NPS, CSAT, etc.)

Metrics that track your customers' experience are crucial to the stability and longevity of your CS organization. A **2020 report from Walker** found that 86% of buyers will pay more for a better customer experience. Customers make their buying (and cough, renewing) decisions based on their experiences. In phase one of the ESG Customer Success Maturity Model, we talked about needing both **lagging and leading indicators** for your CS KPIs. In the Operationalize stage, you should be actively **gathering customer feedback and closing that feedback loop**, plus be measuring KPIs that specifically tackle customer experience, like NPS and CSAT.

9. CS Journey Map

It's 10:30 on Monday morning, do you know where your customers are? If you have a journey map, you do! Developing a comprehensive customer journey map not only helps you understand exactly where your customers are in their journey and what they are (or should be) experiencing, but also allows you to prioritize the best junctures to step in and assist them. Your CS journey map provides you with opportunities to **consistently demonstrate the value of your solution** throughout the customer lifecycle. It is your vision for the ideal customer journey. These should be created collaboratively with other departments (think marketing, sales, product, support, etc.), and once it's documented and customized by customer segment, you can all use it to create a company-wide vision that drives a consistent customer experience across the board.

10. Access to Data

It should come as no surprise that all this hard-earned data should be accessible to you, your CS team, and other groups like sales and marketing. Basic items like IT support tickets should be trackable and accessible, but also more advanced user data can (and should!) be collected and utilized for Customer Success operations. Unfortunately, this is often more difficult than it sounds – we often hear “well, I know we have that data *somewhere*, I’m just not sure how to access it.” But working through those silos to get the data you need will be worth it, as we’ve found that easy access to both quantitative and qualitative data, drilling down to each customer, is a key contributor to developing a data-driven and predictable CS organization.

11. Health Score Creation

Which brings us to customer health. You can’t know how to improve customer retention if you don’t know how healthy your customers are, to begin with. Customer health scores are more than just asking if a customer is happy – yes or no. Sophisticated health scores involve multiple data points collected throughout the end-to-end customer experience. This analysis can then be built into an **interactive customer health score dashboard** that allows CSMs to test and iterate as your knowledge about your customers grows over time.

The capabilities you need for your Customer Success to be best-in-class

The Transform phase is one of growth and has everything to do with streamlining and scaling to meet your ultimate potential. If phase one – *Build* – is all about getting your feet under you, and phase two – *Operationalize* – is finding a good jogging pace, then phase three – *Transform* – is your CS organization running at full speed.

Without further ado, these are the capabilities that will Transform your CS organization into a best-in-class practice that outshines the competition.

12. CS Roadmap

A Customer Success roadmap is a detailed view of your organization’s goals as well as your plans for how you’ll reach those goals in the near and long term. Much like a business plan, your CS team needs a roadmap to organize the complexity of building a robust CS practice. At first, this roadmap might be simple and straightforward, but as you mature, your plans will become more comprehensive and include a complete ecosystem of cross-functional capability and accountability with other teams like sales, marketing, product, and support.

13. Scaling with Systems

It’s no secret that we think **technology and automation are the bee’s knees**, but you really can’t scale Customer Success without the right software and digital tools in place. Undoubtedly, you already have tools that can provide some level of analytics and insight. Still, you won’t truly transform your organization until you embrace specialized CS tools that **can work with your legacy systems** to boost productivity, improve customer experience, and optimize your CS strategy overall.

14. CSM Proactive Planning

In the early stages of Customer Success, CSMs have a tendency to fall into supportive, reactive roles as the organization finds its footing. But once you've leveled up, it's critical to ensure your CSMs have a plan of action to follow based on advanced analytical insights, customer segmentation, and customer journey maps. Their time should be balanced between a smaller percentage of the reactive activities they need to perform and a higher percentage of the proactive initiatives Customer Success is known for.

15. Digital Communication

Technology can do more than optimize systems and provide insight. Email automation can keep your customers engaged and eliminate repetitive CSM tasks. In-app engagement software can **streamline your customer adoption experience** without the need for live CSM intervention at every single moment of the customer journey. Community platforms can help educate your customers and provide unlimited, autonomous support **from onboarding to expansion**. Digital communication via automation is critical to scalability and a key signal of an advanced Customer Success organization. The upfront investment in this capability significantly reduces cost-to-serve in the long run and drives more predictable renewals and revenue growth. It means you're thinking and planning for the long-term – definitely a characteristic of mature organizations.

16. Human Capital Management

One of your most incredible resources in Customer Success is the Customer Success Manager. Your CSMs are the lifeblood of any CS organization. Without top talent, all the other things on this list become much more difficult. That's why we count human capital management as a sophisticated trait that enables Customer Success teams to truly transform. Do you have a methodology in place to define, find, and train your CSMs? Is each team member given a consistent onboarding experience and opportunities for advanced training and growth? How about a defined career path and milestones to reach those new heights? If you said 'no,' you've got some work to do because creating a consistent CSM experience leads to a consistent customer experience. Engaged and productive CSMs are better able to grow an engaged and happy customer base.

17. CS Monetization and Funding

We could write an entire white paper on Customer Success monetization. In fact, we have. But to put it simply, every CS leader dreams of reaching this rung of the Customer Success Maturity ladder, but few so far have done it right. It's the final capability in our model for a reason. Before even thinking about charging your customers for Customer Success, you need to be really good at it. You should have some element of every other capability in place, or you risk crashing and burning and taking your CS team down with you. The bright side is that done right, companies who succeed in monetizing (i.e., charging for) CS see an average of 2X revenue growth from customers who purchase paid CS plans.

CS doesn't operate in a silo, and neither do your CS capabilities

Once you've solidified these CS capabilities, you've got a fully developed Customer Success program. Now you can dust off your hands, pat yourself on the back, and...relax. Congrats! You've done it! Queue the parade!

Record scratch.

*Actually...*that's not entirely true. we've spent a lot of time talking about the many capabilities Customer Success teams need to be "mature," but there is one big caveat to CS maturity that you need to know. You've probably already guessed it, you smarty-pants, you.

The ESG Customer Success Maturity Model is not linear. You don't have to accomplish one capability in order to achieve the next rung on the ladder. Even if you're in the earliest stages of Customer Success, you can start implementing (nearly) any of the 17 capabilities right off the bat. You might start with a fantastic human capital management program for your CS team. Or, you might be squarely in the *Operationalize* phase but still have to work to do on your customer segmentation or engagement models. As a Customer Success leader, you're probably working on all of these capabilities all of the time. Everything is interconnected.

We broke these categories and capabilities out in this way to make it easier for CS leaders to focus on the critical elements of successful CS. And, if we're being honest, the job is never truly "done." That's what is so great about Customer Success. When it comes to evolution and growth, the sky really is the limit. There are always opportunities to improve and iterate, ways to make your customer experience better, more streamlined.

We've taken the concept of a mature CS organization and broken it into this framework to make the daunting task of constructing a scalable, effective practice more manageable and more efficient. A **2020 Forrester report** determined that a well-designed Customer Success program can yield a **91%** return on investment over a three-year period. Yes, you read that right. 91%. So, what are you waiting for? Go get started! If you need a little help or want to learn where you are on the Maturity Model, **contact us** for more information.