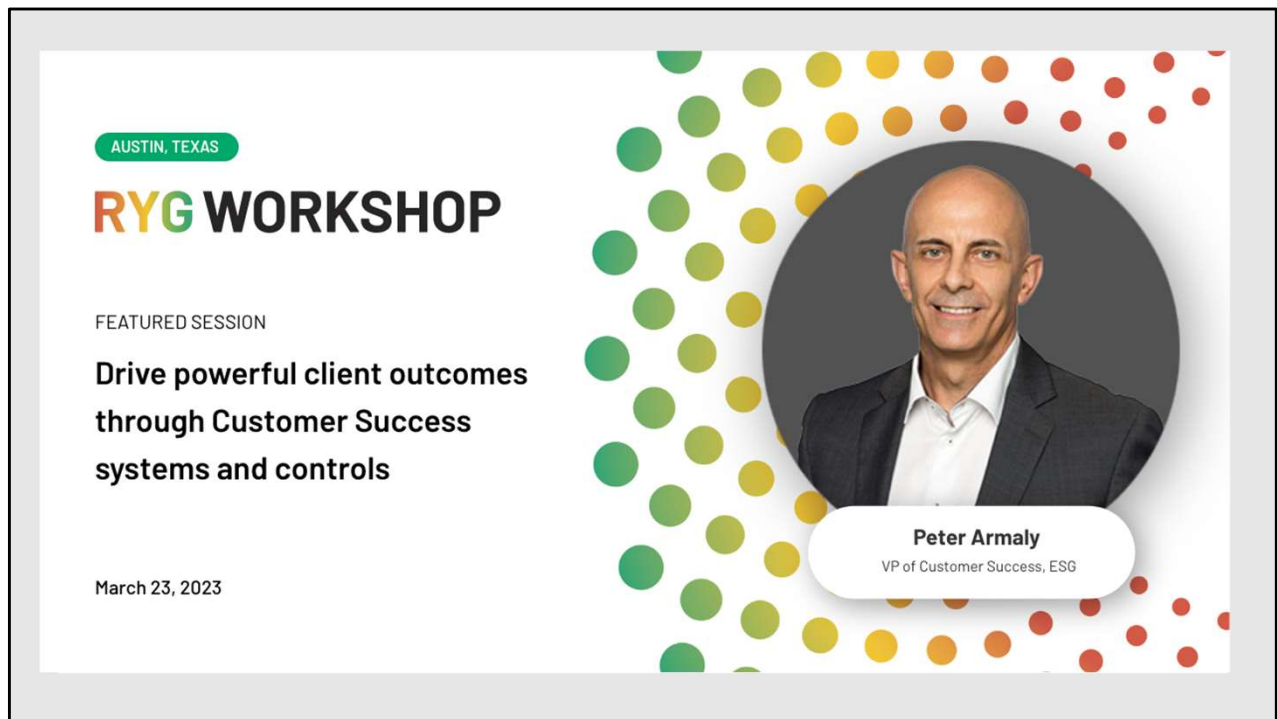A brief history that suggests I have some knowledge and experience to speak on this topic.

1998 – 2008: BMC Software with roles in Sales as a solution engineer, in Support as a Director of Premier Support, in Support as the Director of the Technical Advisory Service

2008 – 2010: CA Technologies as the Principal Customer Success Architect

2010 – 2012: Eloqua as Director of Premier Support

2013 – 2015: BMC Software as Senior Director of Customer Success (Digital CS)

2015 – 2016: TSIA as Vice President of Customer Success Research

2016 – 2022: Oracle with roles as Senior Customer Success Strategic Advisor and Senior Director of Global Customer Success Enablement

So, I've done probably five thousand presentations over the last 25 years but today I'm going to try something I have never done as a presentation. It's going to sound lame but I'm going to read a lot from notes so I don't forget some important points. You know what that means?

It means welcome to my TED Speech! Here goes.

I think I'm a victim. I think I'm a victim of too many messages about Customer Success being a victim. I'm betting many of you feel the same way.

But what to do? There is truth in that statement, after all... that customer success is a victim. It's a victim of unrealistic financial expectations. It's a victim of too much flattery and attention on the one hand and not enough on the other. It's a victim of being marginalized by its own company's executive team. And it's a victim of constantly shifting role and skills expectations. And to top it off, it's now a victim of a looming ChatGPT threat.

That's the narrative anyway.

So, let's end the victimhood and let's state, for the record... the critics have a good point. They want to see proof.

The 3 interdependent Elements of Effective Systems

- Vision Clarity
- Intentional Leadership
- Burden of Proof

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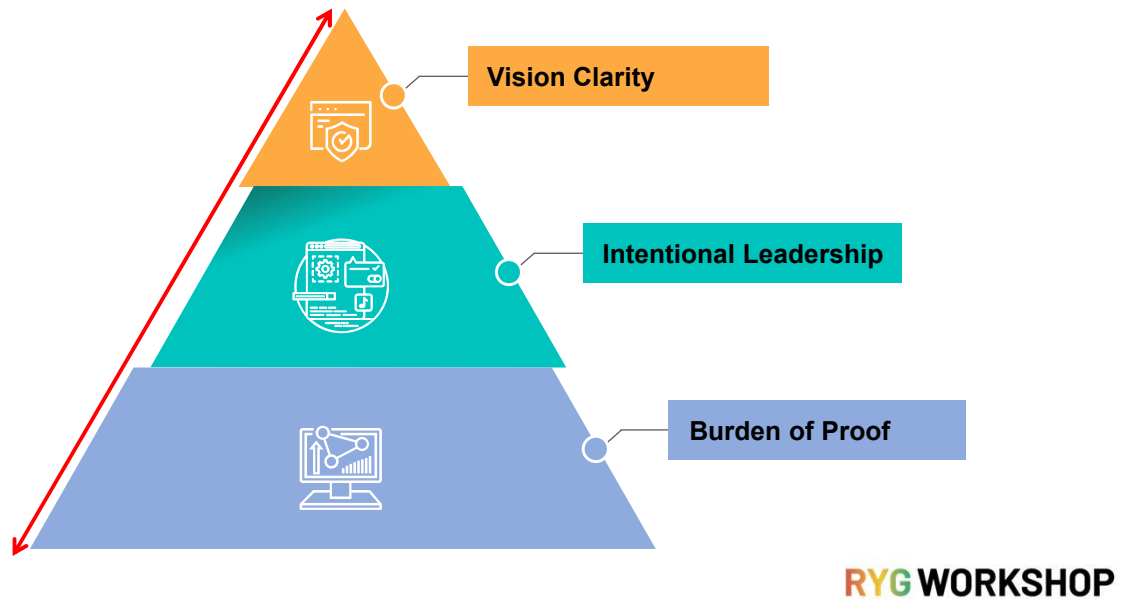
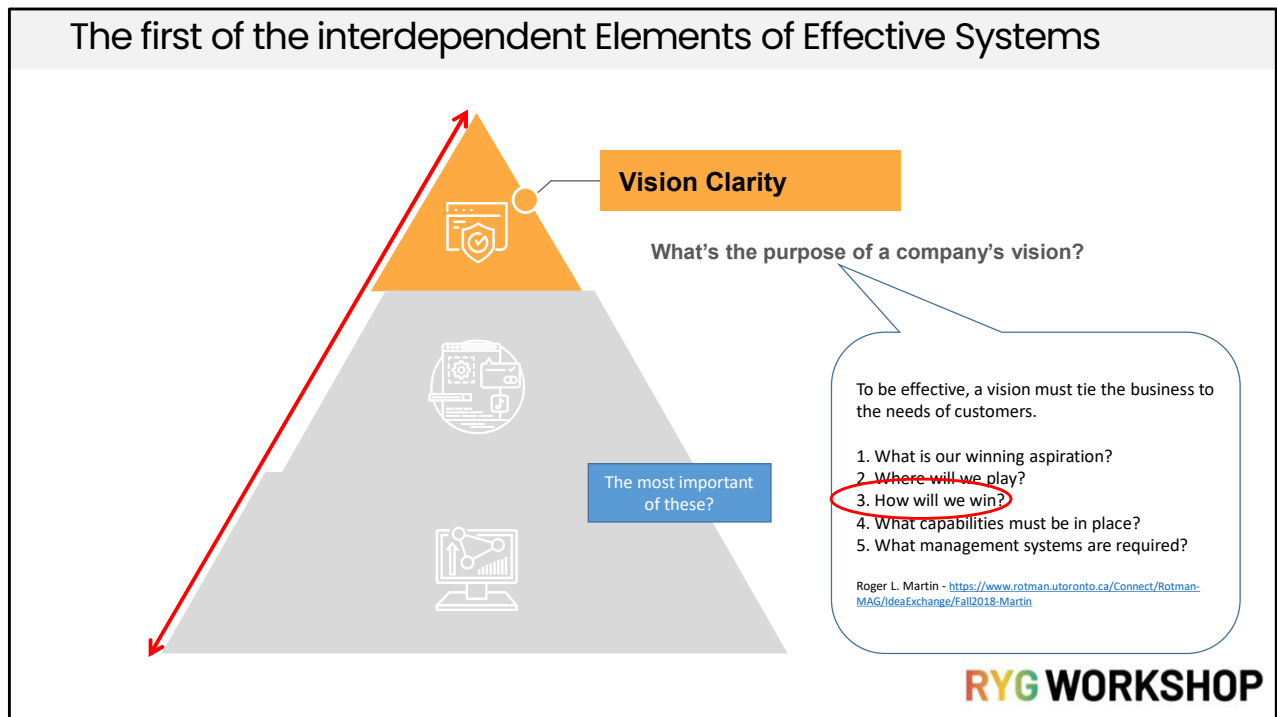After 15 years in CS, I find it impossible to think about customer success in any other way than as an ecosystem. I know that many of us have been talking about it in that way for many years, making the point that true customer success can only happen when all organizations within a company are contributing.

And while I do still believe that, I also believe there is another way to look at an ecosystem. And that is, as one less about actions and more about a web of information within a company.

I say this because at the most fundamental layer, Customer Success is about providing the customer with the information they need to realize the value they expect from their investment. But that information has to align with the vendor's strategy and the operational direction that the leadership team articulates. If not, the relationship with the customer will eventually deteriorate.

On its own, delivering the means for the customers to realize value doesn't guarantee enduring results for the vendor if it's done inefficiently or in ways that are out of alignment with the company strategy. It could be costly!

The first of the interdependent Elements of Effective Systems

Vision Clarity

What's the purpose of a company's vision?

To be effective, a vision must tie the business to the needs of customers.

1. What is our winning aspiration?
2. Where will we play?
3. How will we win?
4. What capabilities must be in place?
5. What management systems are required?

Roger L. Martin - https://www.rotman.utoronto.ca/Connect/Rotman-MAG/IdeaExchange/Fall2018-Martin

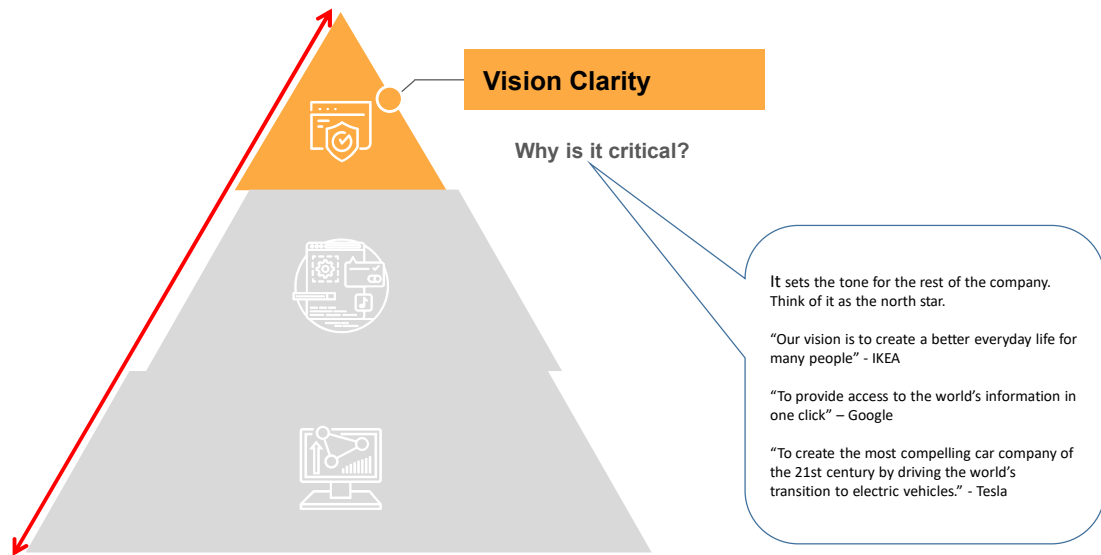The most important of these?

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An article first appeared in 2018 called, The Big Lies of Strategy. It was written by Roger Martin, who was the Dean of University of Toronto's Business School at the time. In the article, he argued that you don't need a 100-page strategic plan because strategy is actually about making five specific choices.

The most important one according to him is #3 – How will we win?

Why? Because it forces a company's leaders to ask themselves, where are we going to place ourselves on the playing field, and how are we going to win there?

I agree with him. Trying to answer these questions forces a company's leaders to examine capabilities. Can our company actually achieve what we envision? Do we have the right people? Have we structured our organizations in the best way? Have we built the right kind of culture that will support and drive the energy necessary for us to achieve what we envision?

The first of the interdependent Elements of Effective Systems

Vision Clarity

Why is it critical?

It sets the tone for the rest of the company. Think of it as the north star.

"Our vision is to create a better everyday life for many people" - IKEA

"To provide access to the world's information in one click" – Google

"To create the most compelling car company of the 21st century by driving the world's transition to electric vehicles." - Tesla

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A vision statement matters. It needs to say something about the company and what it intends to stand for in the marketplace.

Look at these easily recognizable brands and their vision statements. It's hard to argue that each of those statements runs counter to how the firms conduct themselves in the market.

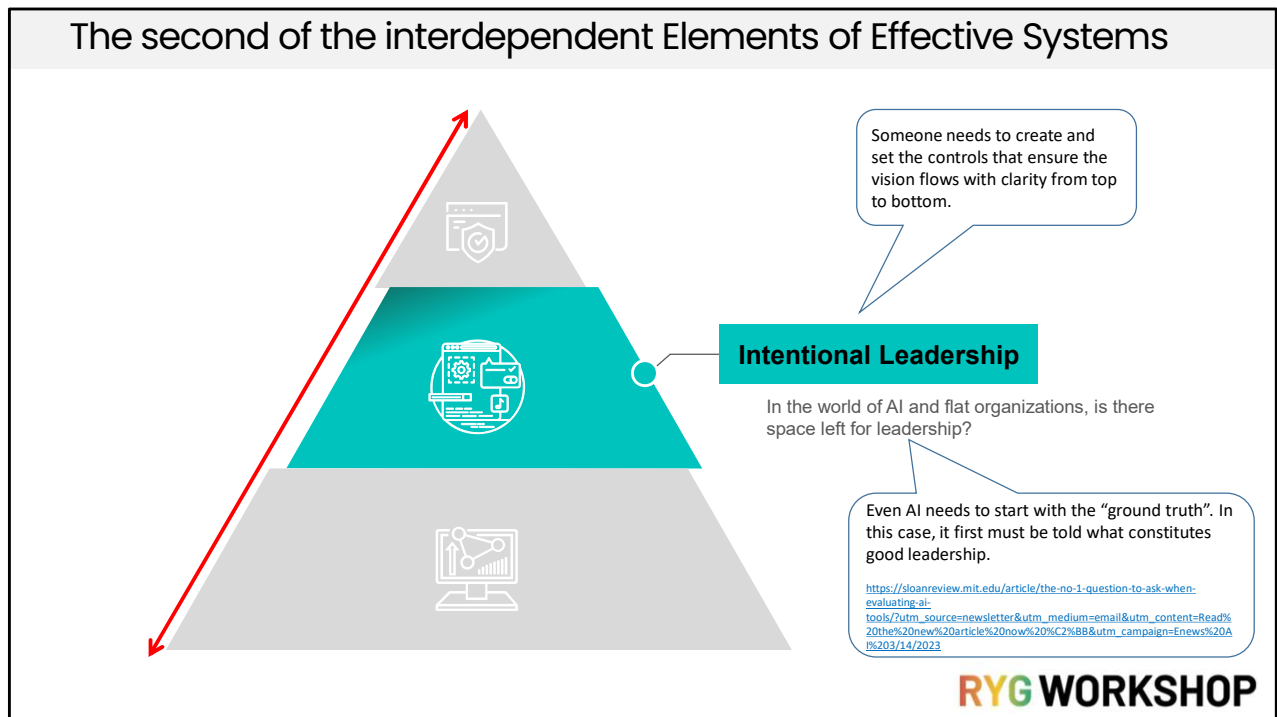## Vision Clarity – challenges and opportunities

Vision Clarity
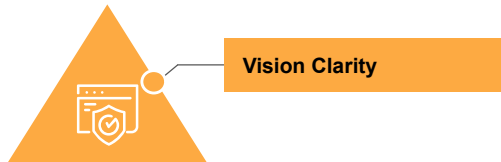
Corporate mission
- Does anyone pay attention?

Desired brand perception
- Does anyone know?
- Are employees able to connect brand aspirations with the work they do?

Investment and stock market communication
- Needs to make sense for employees and align with their work

Go-to-market strategy
- Licensing models
  - Why do they exist?
- Orchestration of value delivery
  - Does it work? Do people comprehend the smooth machinery required?
- Growth plan
  - What's involved?
  - What roles are instrumental?
  - What are the OKRs?

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A vision statement has to also be supported. It has to make sense not just to an external audience (the market) like those ones from Ikea, Google, and Tesla. It has to make sense internally. It's almost more important that it does that because the company is nothing – and won't achieve its vision – if the organizations and the people staffed within each are not on board.

A vision statement doesn't have to explicitly answer any of these questions. But it does have to implicitly align with how people think about answering the questions. And the best way to test for this is in team meetings. If you're the manager, ask! If you're the individual contributor, ask!

The second of the interdependent Elements of Effective Systems

Someone needs to create and set the controls that ensure the vision flows with clarity from top to bottom.

Intentional Leadership

In the world of AI and flat organizations, is there space left for leadership?

Even AI needs to start with the "ground truth". In this case, it first must be told what constitutes good leadership.

https://sloanreview.mit.edu/article/the-no-1-question-to-ask-when-evaluating-ai-tools/?utm_source=newsletter&utm_medium=email&utm_content=Read%20the%20new%20article%20now%20%C2%BB&utm_campaign=Enews%20A I%203/14/2023

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It's easy these days to imagine artificial intelligence displacing a lot of roles in the business world.

- The Brookings Institution estimated that 36 million workers will lose their jobs because of AI.

Bleak, right? Except….

- Manufacturing jobs since 1980 have declined by 3%, while production grew by almost 20%. (Business Insider) and both the economy and the job market exploded since
- Artificial Intelligence will create 58 million new jobs by 2022. (WEF)

What about bosses? See the thing with AI, at least for now, is that someone has to paint a picture for it of what good looks like. That's what's known as the ground truth. So in my opinion, in the age of AI, of constrained budgets, of increased scrutiny on extracting excess costs and on maximizing efficiencies, there's even greater need for smart and respectful leaders who can operate in multi-modes and dimensions. Who can continually educate themselves so they become more valuable for their people. Who know that leadership is not about giving orders but, rather, about providing clarification and explanation.

https://techjury.net/blog/jobs-lost-to-automation-statistics/#grefArtificial Intelligence will create 58 million new jobs by 2022. (WEF)

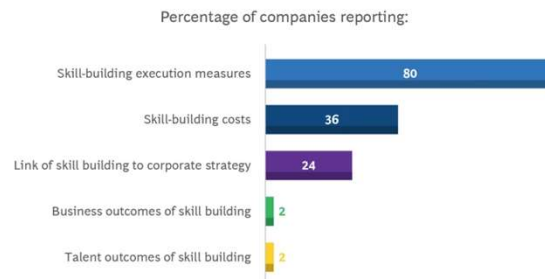ESG's View of the Customer Success Leader's Brain
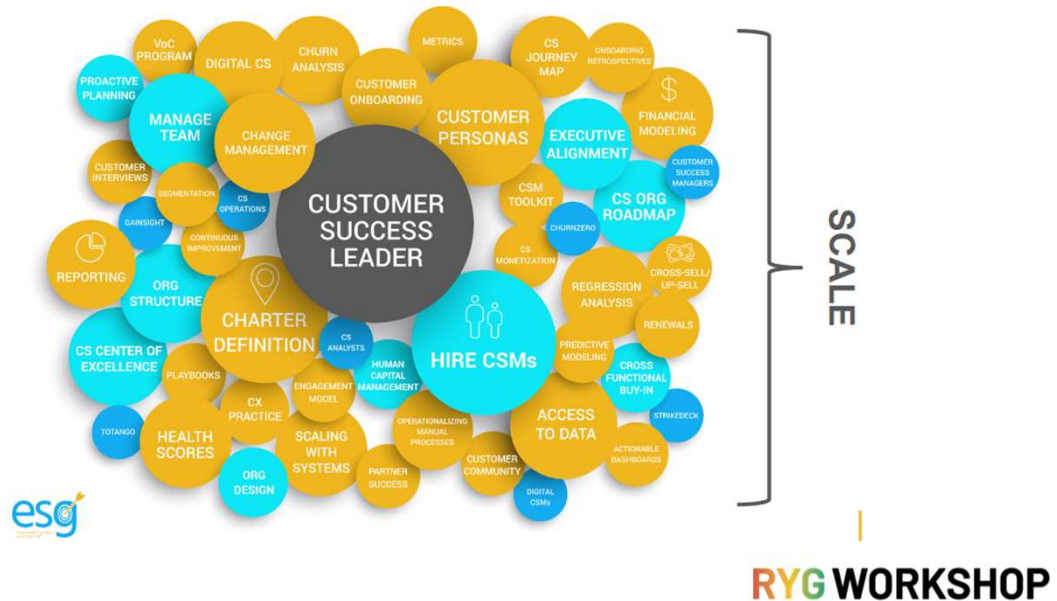
Here's what we at ESG see through our X-Ray vision when we look at a CS leader's brain.

Those are just the CS considerations. What happens when you factor in the influence of cross-organizational requirements, of rapidly changing markets that challenge the entire notion of annual planning, of a dynamically evolving workforce that is transitioning rapidly to a virtual first approach?

What happens to their brain and all these considerations that you see when Sales or Marketing or Support or Product change their strategies, tools, and processes in significant ways?

Intentional Leaders Connect Everything to Strategy

What Leading Employers Report About Skill Building

Percentage of companies reporting:

Skill-building execution measures — 80
Skill-building costs — 36
Link of skill building to corporate strategy — 24
Business outcomes of skill building — 2
Talent outcomes of skill building — 2

Sources: Annual reports and ESG reports of 88 companies, drawn from the 50 largest firms in *Fortune*'s rankings and *Fortune*'s 50 "best places to work", BCG analysis.

Intentional Leadership
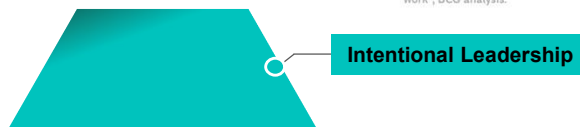
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In the age of AI, the skills of people – perhaps ironically – are even more critical.

• 54% of time for all levels of management is spent on administrative tasks
(Accenture - www.imi.ie/insights 'The Mind of a Leader: Unlocking the Performance Mindset)

If that's how leaders are spending their time, it's no wonder they don't get around to examining the skills of their people and developing strategies for increasing them. This Boston Consulting Group graph shows that while companies have enablement systems in place and they are investing in them, they are not linking training to business strategy and they are not measuring the outcomes.

This can look like a company hiring individuals with curriculum design experience, setting up a strong platform for education that includes multiple tiers of training, with a nice mix of inhouse and external content. It even has proctored testing and scoring. But where it fails is when the education team tries to link the certifications to the performance of Customer Success Managers. Often that's seen as a bridge too far and the opposition of team managers derails that last important step, one meant to ensure the frontline can fully exhibit the qualities that support and reflect the strategy.

Intentional Leadership in Customer Success

Intentional Leadership

Need to be able to explain the charter – what is it? Why does it matter?

Customer Success needs leaders who are strategists and pragmatists

Communications excellence is key (it's not just about leading a team)

Empathic, authentic, and inspirational are especially important traits

Culture
- More than a 7-letter word
- Energy that fuels innovation

Never-ending enablement
- Key method for connecting the future to the now

Performance management
- More than an annual pain
- Clear expectations and accountability are best methods for operational and employee success
  - Team goals and KPIs
  - Individual goals and KPIs
  - Ongoing performance discussions based on standardized and transparent reporting
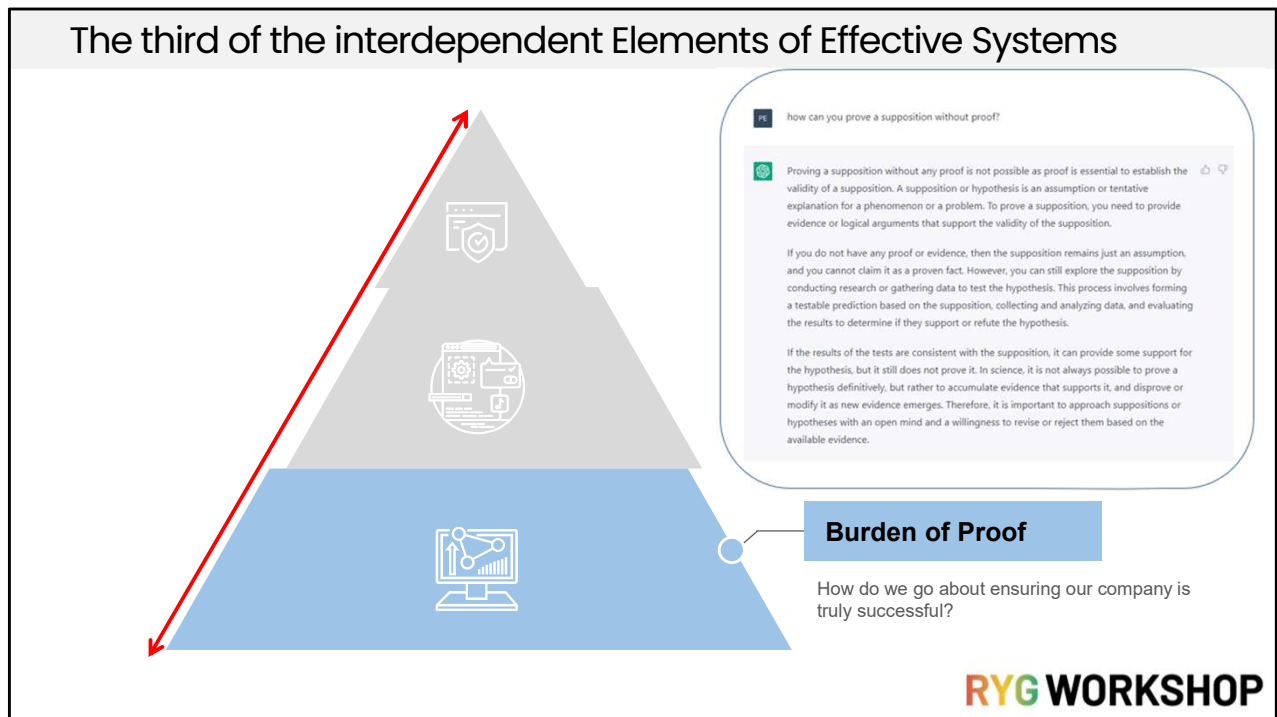
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Leadership is really tough. Especially today. And it's not going to get any easier in the future – even with AI.

The leader has to be good at all these things. They have to accept that they will be both the lightning that ignites and the rod that attracts the lightning. It's challenging but it's where the human is inserted into business and it's nearly impossible to automate for.

Think about how performance management has evolved from an annual rote and meaningless exercise to one that is more real-time, continuous, and multi-dimensional. This is what Deloitte found in a study in which they reported that 82% of companies feel that annual performance management plans are worthless.

Of all the responsibilities a leader has to hold in their head, though, the most critical one is not even listed on this slide. And that is, helping each individual on the team understand how every task they perform is connected to the team strategy, which supports the organizational strategy, which supports the corporate strategy. Which, of course, supports the vision.

The third of the interdependent Elements of Effective Systems

Burden of Proof

How do we go about ensuring our company is truly successful?

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Carl Sagan once said, "Extraordinary claims require extraordinary evidence".

Here's the thing. And this might be painful to hear. The world of Customer Success is rife with extraordinary claims. We hear how the work of CS is vital to a company's desire to retain customers; how the work of CS is vital to laying the groundwork for customer advocacy; how the work of CS is vital for a company's ability to expand its revenue over time; how the work of CS drives improvement back into the vendor's products and services.

I agree with all of those claims, of course. But I also agree with the point of view that says, prove it.

Let's look at CS metrics that suck all the oxygen

Net Revenue Retention	Improving NRR is not easy
Customer Lifetime Value	Affecting CLV is a long and complicated game
Gross Revenue Retention	Improving GRR is easier than NRR but still not easy
Net Promoter Score	Poor abused and misused NPS can be simple if done badly

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If you spend any time on LinkedIn, you cannot escape the steady deluge of advice, guidance, and general overall badgering that shouts at you that in order to prove your worth as a Customer Success leader, all you have to do is get your organization to deliver positive results against these metrics.

All of these metrics are good; each of them is designed to tell us something useful about the business. They are all widely used and considered essential indicators of a company's health. They communicate to investors and any other interested party that the board and the leadership team are focused on business signals that they can measure. And that should give confidence that this company is going places.

There's one small problem.

None of this is easy. Establishing and communicating the proof is very difficult. It requires systems, technology, people, and processes.

Burden of Proof – interwoven complexities

Systems
- Should benefit, in order:
    - Customers
    - Company
    - Employees

Technology
- Make work life simpler for customers, and faster and more efficient for operator (CS professional)

People
- Engaged
- Growing
- Listened to

Processes
- Produce unambiguous outcomes
- Are measurable
- Are relevant for today and adaptable for tomorrow

Burden of Proof

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The systems for delivering proof have to be built or assembled. And the order you see here might surprise and disappoint you but here's the simple logic for why I say customers, company, and then employees. A company cannot exist without customers; employees will not be employees without the company. So if employees want to make work and career part of their lives, they need to ensure that what they do supports the company's goal for delivering what customers buy. If that fails, then there is no work.

As for technology, it's what conducts the "electricity" of the systems and it has to be built, purchased, assembled, configured, learned, and used. Its value lies in its utility to facilitate results. If it's not improving the speed and efficiencies of business; if it's not making people or environments safer; if it's not improving some aspect of what we might call beauty in the world… what good is technology? In the business world, and in Customer Success, in particular, technology has to show it can drive value for customers through the work of the Customer Success organization.

Moving on to people. They have to be trained, yes. They have to be informed about the purpose of their work. But most importantly, they have to be inspired and engaged. All good flows from that.

Finally, all of these things together are aggregate. The aggregate for business processes that

are meant to deliver discrete measurable outputs and outcomes.

All of this - This is the apparatus that becomes the way to provide the proof.

ESG's Guidance for how to think about CS maturity
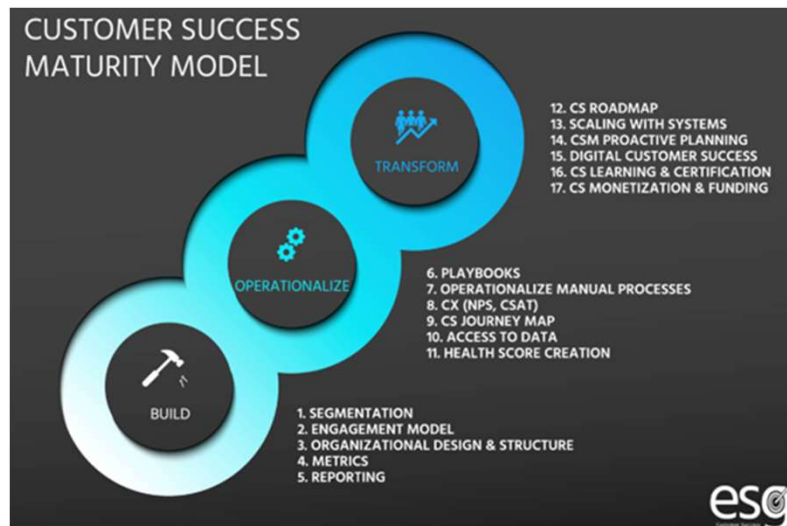
To try to make some sense of all that and to put it into the context of Customer Success, we at ESG break down what's required into manageable phases. From our many years of experience building organizations and in working with large and small clients as they were building theirs, we had a good sense of a path to Customer Success organizational maturity.

We knew it needed to follow a natural progression. We knew that when leaders jumped ahead before laying down a solid foundation, they increased the likelihood of failure further down the road. So, we worked with a variety of companies, we studied the industry, and we proved to ourselves that there is a natural logic to these things that we should respect.

But we didn't stop there, with just our own opinions and judgment. We reached out to dozens of industry leaders and asked them to help us by offering their feedback and ideas.

The result is what you see.

Burden of Proof – interwoven complexities

Systems
- Should be:
  - Seamless
  - Automated, as a default
  - Measured

Technology
- Automation capabilities built-in, as a rule
- Operates as unobtrusively as possible (Google has always been the gold standard)
- Intuitive
- Data grounded and data driven
- Extendable (usually, these days it means AI)

People
- Focused on improving the customer experience through service excellence and top-quality, timely guidance

Processes (manual and automated)
- Voice of Customer
  - Closed-loop surveys, roundtables, interviews, monitoring and measurement of signals
  - Appropriate treatment of each
- Data
  - company
  - adoption
  - engagement
  - satisfaction
  - outcomes
  - revenue retention
- Success Plans
  - Progression monitoring and measurement
- Reporting
  - Account health
  - Customer skills and capabilities
- Customer health measurement driving actions
- Automated cross-organizational data flows and efficiencies

Burden of Proof

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And within all those phases are embedded the components of systems, the technology, the people, and the processes that are collectively vital for the orchestration required to programmatically deliver the outcomes that customers need and expect.

This is the guts of Customer Success, of course. This is where many of you live and play. Your day to day work is probably reflected in this slide. There isn't a single line on this slide that can be characterized as easy. And yet, each of them is essential.

This is where the proof can be established to support the leadership team's desire to drive the kind of business results that support the vision.

If this layer is not functioning properly, it will not generate proof of any claims. Instead, it will generate doubt and it will erode confidence in the Customer Success model, and in the strategy.

In this age of increased investor and board scrutiny, doubt is the worst emotion to generate.

Want an example of the interwoven complexities?

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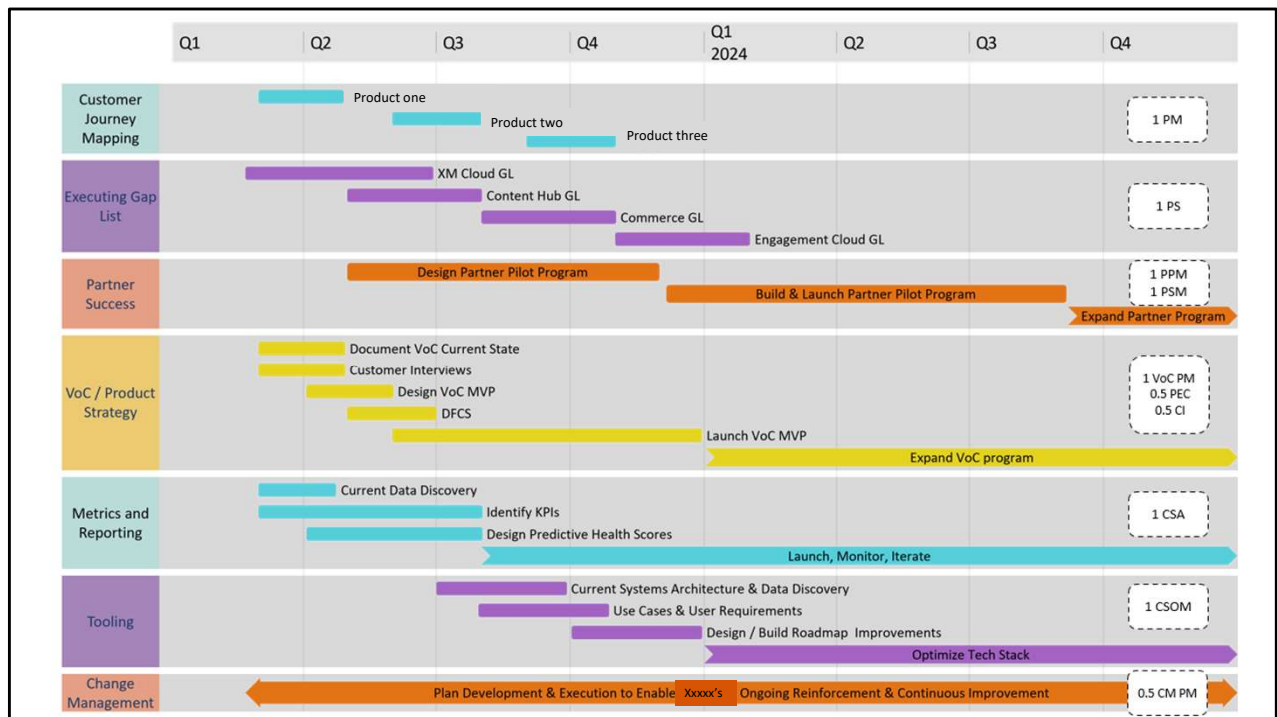
When we work with clients to help them build out their Customer Success organizations and practices, or even when we are brought in to augment or enhance what they have already built, we employ the same professional methodology. We get our arms around what the client needs, we build a plan, and we manage it.

The reason I'm showing this is because I want to reinforce the point that Customer Success is part of that ecosystem that I've been speaking about but it's also an ecosystem within itself. Look at these projects, many of them running in parallel.

They are each discrete projects but they are all part of a larger, more coherent, and more cohesive whole. And it's the whole where the real transformative power of Customer Success lies.
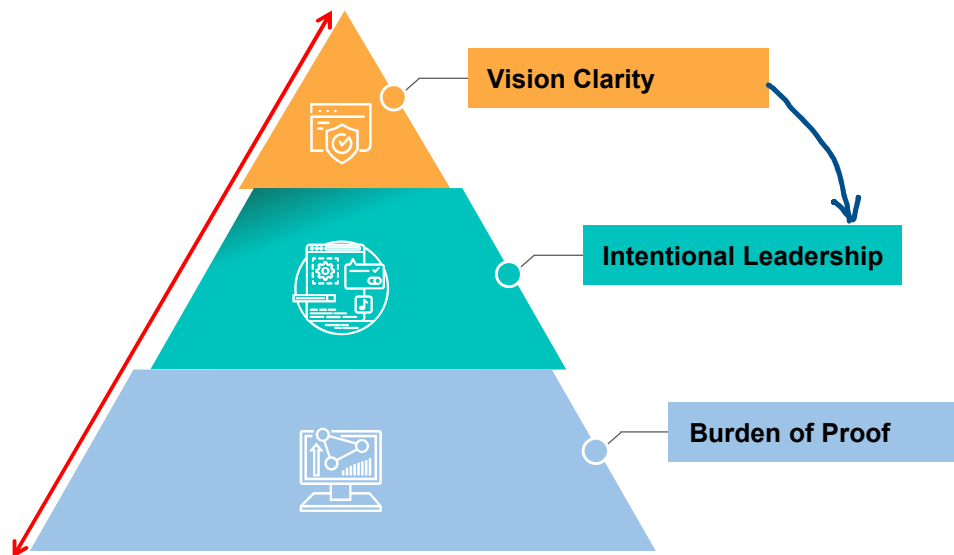
So explain the red bi-directional line in that pyramid

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Let's wind things up.

We established at the beginning of this presentation that the clarity and relevance of a company vision is critical. And while that may sound like business 101 and a bit of a no-brainer, we also reviewed how vision statements are ignored, dismissed, or otherwise made ineffective through bad design and poor follow-through.

But… if done well, a clear vision should be a powerful enabler for the leadership team to construct and conduct the kind of business they need.

The next level guides the next

Vision Clarity

Intentional Leadership
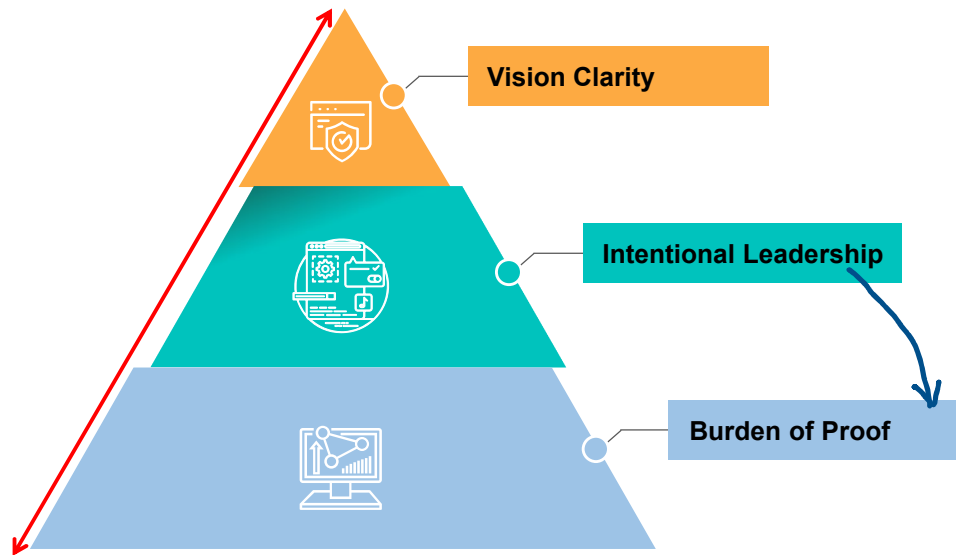
Burden of Proof

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And through intentional leadership should flow the enabling energy to articulate and guide the creation of the apparatus that is charged with holding the burden of proof.

Vision and leadership are nothing without proof

They're interdependent

Vision Clarity

Intentional Leadership

Burden of Proof

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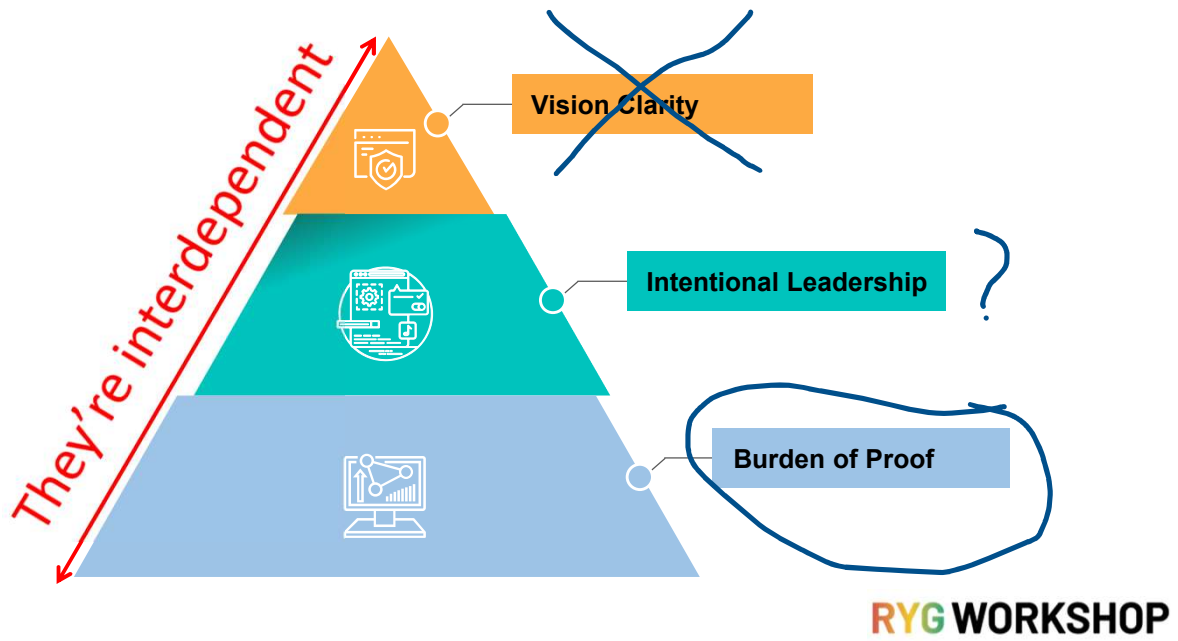
But... if the burden of proof fails to produce then it calls into question the effectiveness of the leadership layer and, ultimately, the vision that started this entire thing. CLICK

In the end, they all depend on each other, from top to bottom and from bottom to top.