

RESEARCH REPORT

Customer Success Manager: Defining the Talent DNA for the Role

The role of Customer Success Manager (CSM) is becoming increasingly important to companies looking to demonstrate value to their buyers in order to retain customers. In fact, customer success management is among the world's fastest growing professions. However, as organizations add customer success management roles and staff, they often struggle to differentiate success responsibilities from those of sales and service roles. This lack of clarity can cause companies to make the mistake of thinking sales, success, and service talent are interchangeable and, as a result, end up placing the right people into the wrong roles.

To address the confusion, Chally conducted a study on how firms are designing and implementing customer success manager roles. The objective of the study was to begin to build a picture of what differentiates top performance for those in success vs service vs sales roles. We began our study by gathering and analyzing data from multiple sources including customer success conference presentations, published articles, and job descriptions. We then conducted an online survey to gather input from leaders and managers responsible for customer success functions.

Increasing Demand for CSM Talent

While there is some confusion about what it entails, there is no doubt that the role of a customer success manager is rising in popularity. Customer success manager was #6 on LinkedIn's list of the Top 20 Most Promising Jobs for 2019.¹ The same source says that job openings for customer success managers grew 80% year over year.

Customer Success Study Highlights

- Few people have the natural aptitude to excel across the board in sales, service, and success roles.
- Before hiring customer success managers, organization and functional leaders should align on the main purpose and key activities of the role.
- Simulations and predictive analytics are emerging as tools that can improve customer success management hiring decisions.

The increase in customer success manager job openings combined with today's low unemployment numbers suggests that companies are competing to get the talent they need. In some cases, employers look to promote people from traditional customer services roles into customer success. In other cases, customer success candidates are being recruited from technical arenas, consulting, and inside sales.

This is not surprising because many companies, when faced with market changes or difficult economic times, tend to pluck top performers from their jobs and reassign them to roles with markedly different requirements, assuming they will flourish in their new positions. However, Chally's research has consistently shown that the characteristics that make individuals successful in one role may not help them succeed in another.

¹ <https://blog.linkedin.com/2019/january/10/linkedins-most-promising-jobs-of-2019>

What is a Customer Success Manager?

An initial finding from our study was that the definition of a customer success manager is evolving. When we asked executives why they are creating and funding customer success management roles, many shared the overarching objective of “growing customer lifetime value.” At the same time, numerous experts such as industry leaders participating in the 2019 Customer First Summit sponsored by Freshworks acknowledged that the job title of customer success manager means different things to different companies.

As we interviewed hiring managers and examined customer success manager job postings, we discovered that the specific purpose of the role often centered on 1-3 of the following:

1. To ensure usage or adoption of services purchased
2. To cross-sell, upsell, and/or expand accounts
3. To respond to and resolve customer questions/ complaints

Interestingly, our 45+ years of research has shown that the ability to execute on each of these three purpose statements requires different attributes and aptitude. When we examined our normative dataset of over 450,000 assessment respondents, we found that only 19% could successfully perform all three functions. In other words, it would be difficult to find a current employee or candidate who could successfully wear all three hats.

In order to home in on what makes a successful customer success manager, we decided to explore the activities required of a someone in this type of role. In the spring of 2019, we conducted an online survey of leaders responsible for customer success. We provided a list of activities culled from our study of job descriptions and asked, “As executed today, which of the following activities/responsibilities apply to those in your customer success roles?” The chart to the right shows the 10 activities selected most frequently.

As we examined these responses, we start to see more clarity between an account management role and a customer success manager role. For example, fewer than

Top 10 Customer Success Manager Job Responsibilities

Provide advice and recommendations to customers	100%
Proactively engage customers at risk	100%
Remove friction points	87.5%
Establish relationships with client stakeholders	87.5%
Understand and track customer goals	87.5%
Coordinate the activities of others to ensure contracted services are delivered	75%
Increase consumption	75%
Advocate for the customer	75%
Provide client with insight and expertise about industry trends	75%
Demonstrate the value of services to client executives and senior stakeholders	75%

50% of respondents reported expecting their CSMs to be responsible for selling, negotiating, and managing contractual obligations. We also saw that the activities selected varied significantly from a typical customer service or tech support role.

Survey results indicate that customer success manager is not simply a new name for an old role.

The question then becomes, how can hiring managers determine if someone has the capacity to succeed in customer success? Unfortunately, our research and that of others indicates that companies with customer success functions are basing hiring decisions on interviews and experience – two selection methods which have been proven to have low utility in predicting performance.

A more effective hiring process may include using predictive assessments to determine if a candidate has the natural aptitude or “Talent DNA” to perform the activities that are essential for a customer success manager role along with simulations to gauge demonstrated ability.

A Success Profile for Customer Success

Original research conducted by the Chally Group Worldwide (Chally) resulted in the identification of 135 specific sales and service competencies for which natural potential can be measured and predicted. In order to create a strawman success profile for customer success, the Chally team identified eight competencies from our Chally Assessment library that are most closely aligned with the essential activities identified in our survey.

This index is noticeably different from the combinations of competencies that have been shown to be valid predictors of success for account management, technical support, and customer service roles. While more research and testing need to be done, early indications are that the wiring or talent DNA for a successful customer success manager differs from the wiring of an account manager or a customer service representative.

Is There More than One Type of Customer Success Manager Role?

We do want to caution ourselves and our readers from prematurely determining that there is only one success profile for a customer success manager. Some industry insiders have been suggesting that the role changes as organizations evolve.

Gainsight's Chief Customer Officer, Ashvin Vaidyanathan, says that customer success manager responsibilities vary with a firm's maturity and product lifecycle. For example, fast-growth companies are often out ahead of their customers which means that they need CSMs who can be evangelists for new products. In contrast, mid-market customers need technical customer success managers who can sit with them and work through challenges such as supporting legacy technology.

Why Generic Job Titles are Harmful for Hiring

In Chally's 45+ years of research, we've found that the effectiveness of hiring increases the more clearly a role is defined. For example, conventional wisdom says the best sales professionals are hard-driving individuals who can drum up business, develop opportunities, and quickly close deals. In reality, the most successful companies have several distinct sales roles. While many of those jobs have a superficial similarity, the essential activities and successful behaviors vary widely. While a few sales roles may demand some stereotypical go-getter sales behavior, other roles are just as likely to favor employees with less showy strengths, such as strong analytical skills, the ability to empathize with customer problems, or a deep understanding of complex business issues. Because of this, few, if any, individuals are likely to be successful in more than a few of these many roles.

Critical Activities	Chally Assessment Competency
Increase consumption	Engages Others in Learning to Maximize Benefit from Purchase
Establish relationships with, and demonstrate value to, client stakeholders	Develops Solid Relationships by Making Client Needs a Priority
Understand and track customer goals	Identifies and Addresses Customer Needs
Provide client with insight and expertise about industry trends	Maintains and Shares Industry Trend Awareness
Remove friction points	Anticipates Obstacles that Could Impede Progress
Proactively engage customers at risk	Solicits and Acts on Customer Feedback
Provide advice and recommendations to customers	Provides Technical Expertise
Advocate for the customer; coordinate the activities of others to ensure contracted services are delivered	Fosters Internal Collaboration to Achieve Client's Goals

What's Next?

Chally is now partnering with companies to correlate assessment results with performance data in order to test our strawman success profile. As more data are collected, statistical analysis can be used to determine whether there are universal success factors for the profession and/or if there are sub-types of customer success management roles with their own predictors. Ultimately these findings will help organizations make effective hiring and placement decisions.

Do you lead a customer success team or function?
Contact us to participate in Phase II of our study.

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