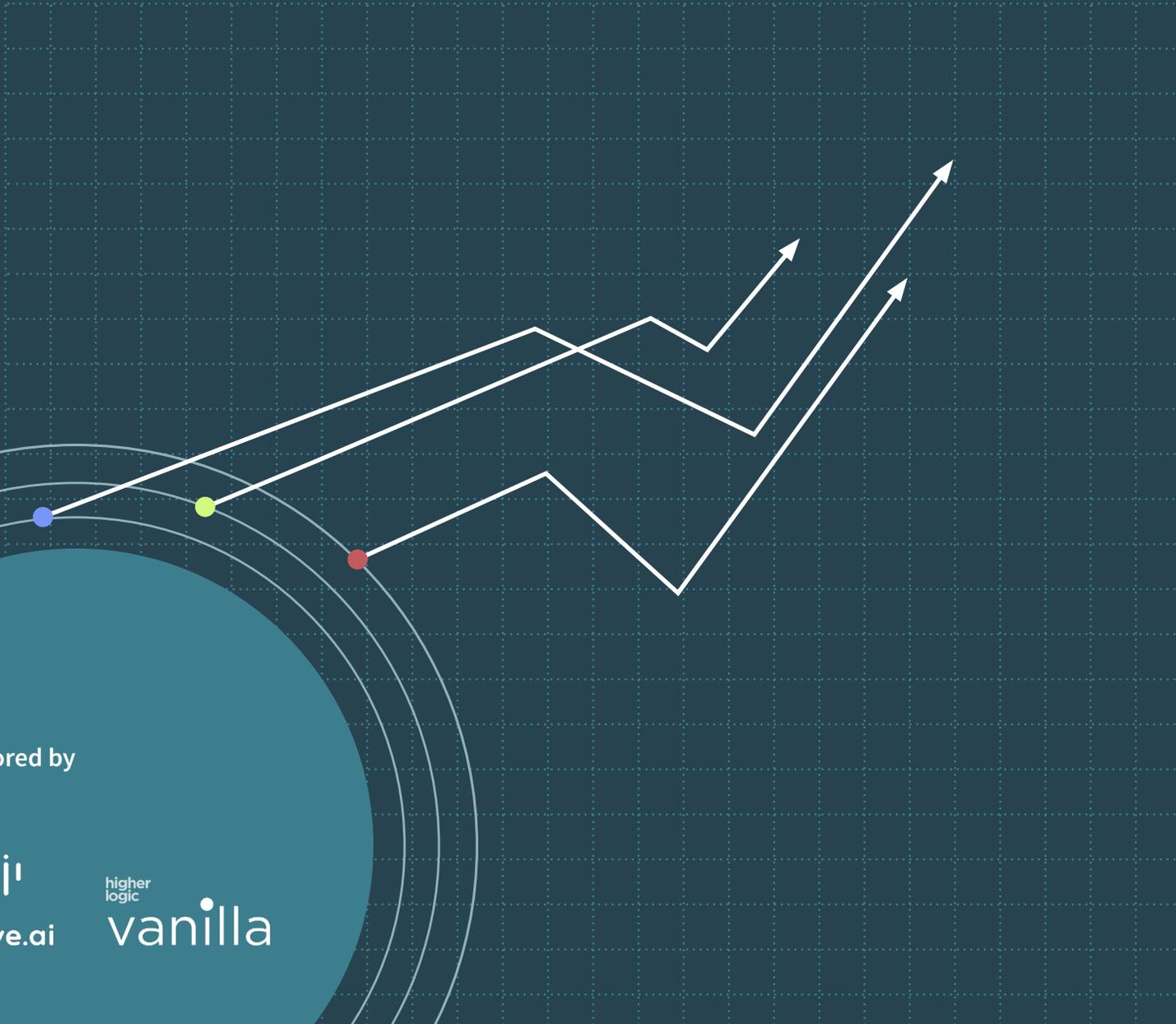


# 2022 Customer Success Leadership Study



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# Introduction

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Welcome to the 2022 Customer Success (CS) Leadership Study, brought to you by ChurnZero and ESG and sponsored by Higher Logic Vanilla and involve.ai.

When we released our inaugural study in 2020, we wanted to bring greater awareness, understanding, and support to the growing Customer Success community. Our mission remains the same today.

Through this research, you'll get an insider's look at the evolving Customer Success landscape based on the firsthand experience of those leading the way with details around their priorities, teams, and charters. More than 1,000 Customer Success leaders participated in this year's survey — a 40.0% increase from last year. As in previous years, the majority of respondents are directors or senior directors in Customer Success, working at companies with 51 to 200 total employees and annual revenue between \$10 million and \$50 million.



**Third annual CS  
Leadership Study**

## What's changed

If you're a returning reader, you will notice we significantly expanded our questions to provide more insight into the makeup of Customer Success teams, their budgets, priorities, and tech stacks. We also added demographic questions about the size and revenue of the companies these CS leaders work in to determine if Customer Success priorities and trends change based on company revenue.

## Research methodology

ChurnZero and ESG conducted the survey between August 15, 2022 and September 2, 2022. The survey was emailed to our respective databases of Customer Success professionals and those of our sponsors Higher Logic Vanilla and involve.ai. It was promoted across social media and industry newsletters. Data was self-reported by participants. Questions were voluntary, not mandatory.

# How we organized the 2022 Customer Success Leadership Study

Like previous years, we focused on four key focus areas for Customer Success:

**1**  
Influence within  
the organization

**2**  
Organizational  
alignment

**3**  
Operations

**4**  
Goals and  
aspirations

# Top takeaways

Customer Success teams are new to the profession.

**82.2%** of respondents have been in Customer Success for less than 10 years, and **44.3%** for one to five years.

Customer Success matters.

**78.5%** of respondents report to the C-suite.

Customer Success teams are revenue drivers.

Half of Customer Success teams have responsibility for renewals.

Customer Success is growing.

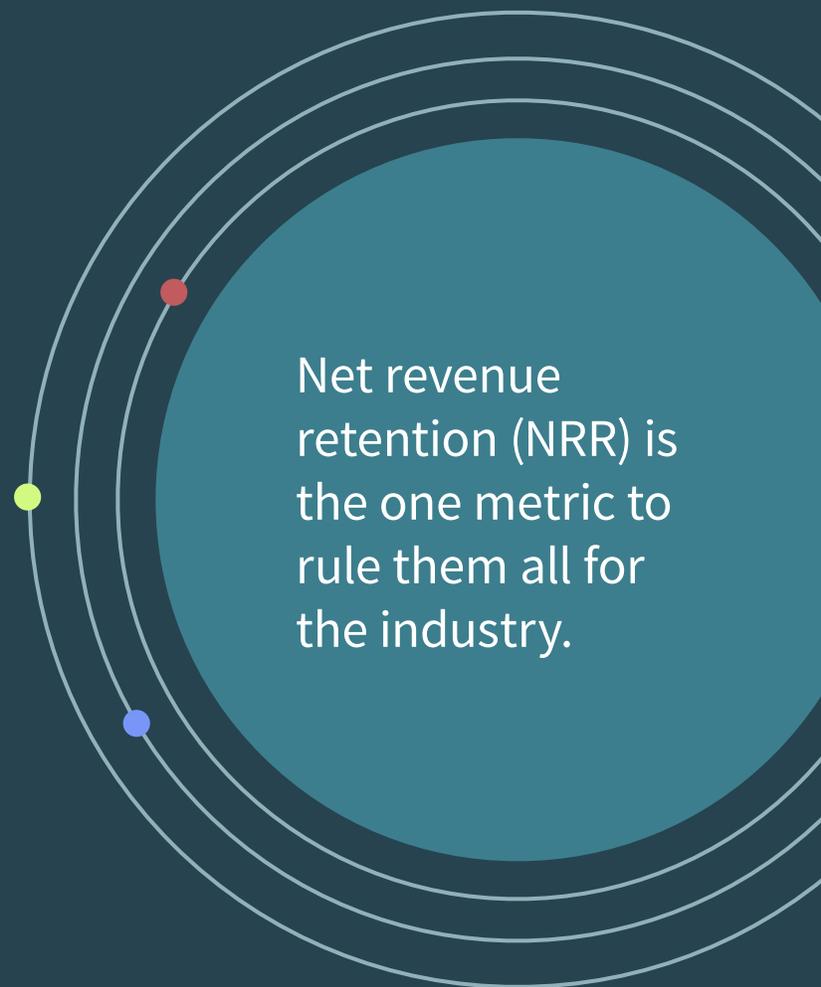
**63.3%** of Customer Success teams are growing. **51.9%** state their budgets are growing.

But it's not growing enough.

**76.5%** of CS teams have fewer than 50 employees.

**64.1%** of CS teams have non-headcount budgets of less than \$200,000.

Customer Success is young, it is growing, and it matters to the C-suite. Unfortunately, it's not resourced to efficiently scale, and current economic volatility may hinder progress.



## There is an underinvestment in purpose-built technology.

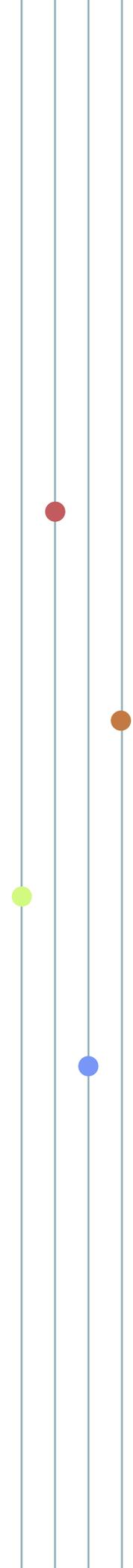
Less than half of Customer Success teams have access to the appropriate infrastructure to deliver insights, increase efficiencies, drive revenue, and enhance the customer experience.

## Customer Success teams want and need technology.

Top priorities for CS teams in the next 12 – 24 months include implementing processes and tools that will enable a more efficient and data-driven approach.

## Economic uncertainty is showing its impact.

**57.9%** of respondents are delaying purchasing decisions by three or six months. This may impact Customer Success teams' ability to scale and increase efficiency.





# Participant snapshot

All data is self-reported.



AMER



EMEA



APAC

0.6% Unknown

Title

**Director or Sr. Director\***

Company size

**51 – 200 employees\***

Tenure in CS

**1 – 5 years**

Company age

**6 – 10 years**

Reporting structure

**36.0% report to the CEO**

NRR

**91% – 100%**

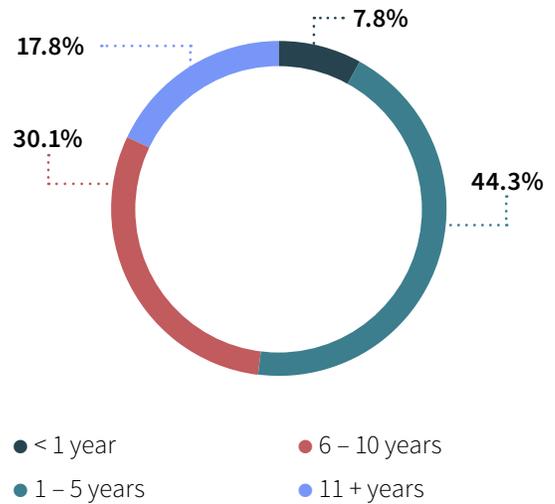
Revenue

**\$10M – \$49M\***

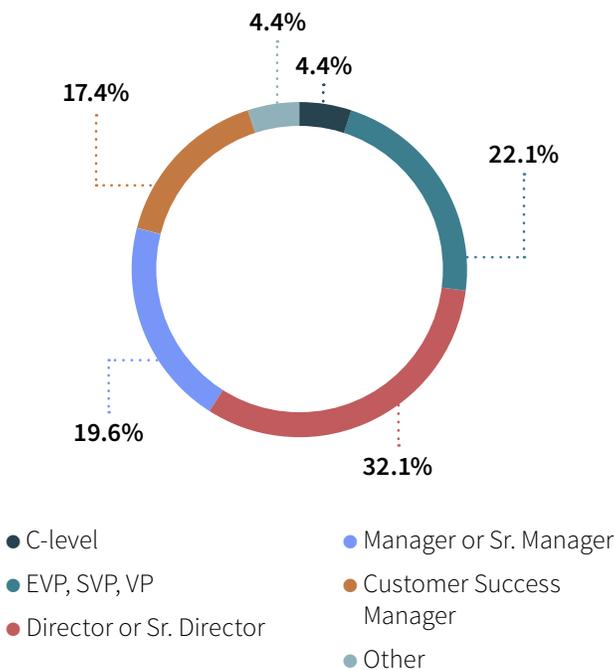
\*same as last year

# Participant details

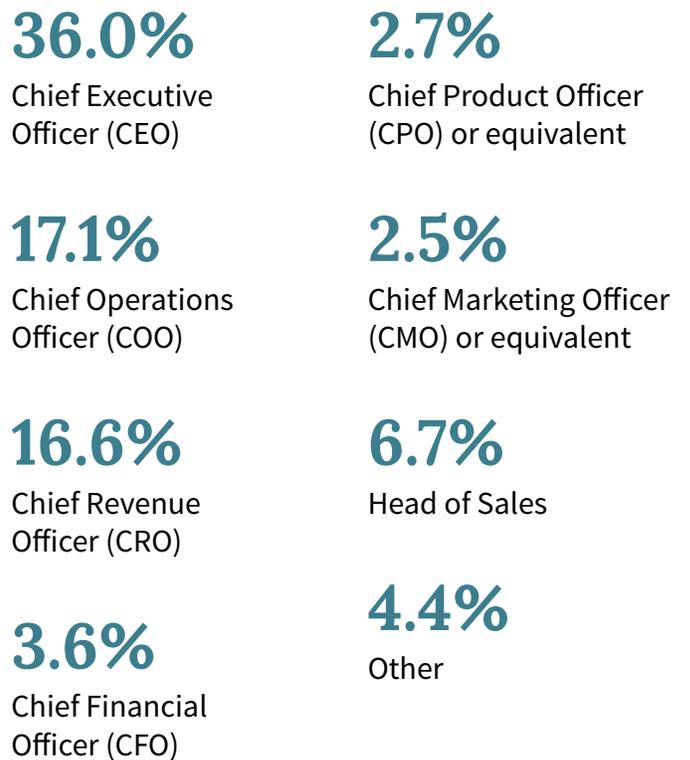
## Customer Success tenure



## Respondent titles



## Reporting structure



# Business details

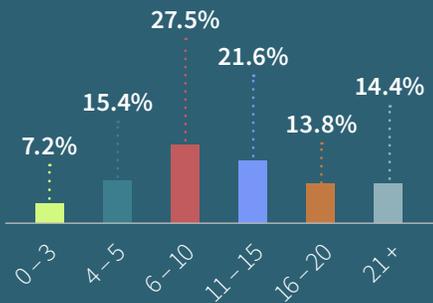
Company revenue



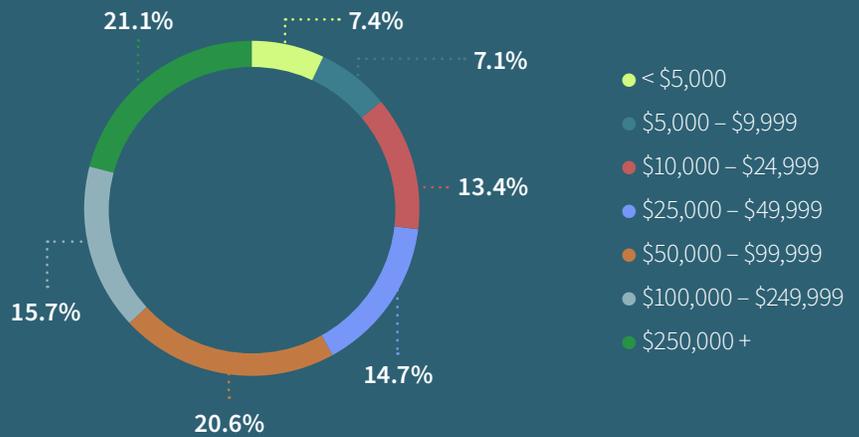
Number of employees



Company age



Annual contract value (ACV)



## NRR

**3.3%**

< 80%

**13.9%**

81% - 90%

**32.1%**

91% - 100%

**32.0%**

101% - 110%

**18.6%**

111% +

# Section 1: Influence within the organization

Customer Success teams drive revenue and deliver the best possible customer experience. To do their jobs well, customer data and a customer-centric approach must permeate into, and resonate with, the larger organization.

As the data shows, the industry is still young but continues to grow in size and prevalence.

Factors such as budget and team growth, reporting structures, business charters, and leadership seniority are critical indicators of how Customer Success is valued at large.

## Key findings:

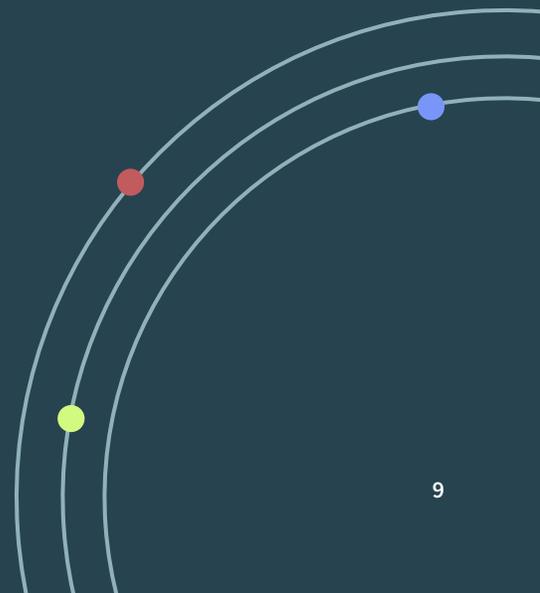
- Most Customer Success teams report to the C-suite
- Teams and budgets are growing, but not growing enough
- The current economic landscape is delaying purchase decisions

## 78.5% of Customer Success teams report to the C-suite.

Customer Success continues to be a critical function for businesses, reporting to the highest levels of the organization.

Our 2020 and 2021 studies showed a relatively even split between Customer Success organizations that reported directly to the CEO and those that did not.

## 2021 reporting structure Percentage of CS teams reporting to the CEO



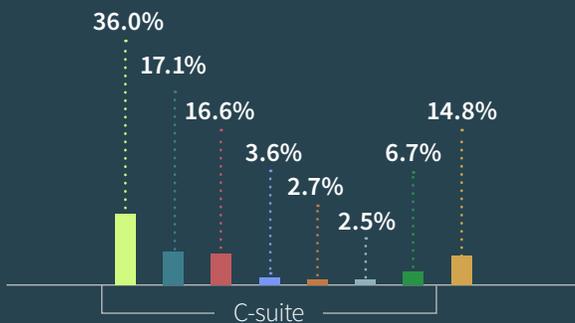
## 2022 Customer Success Leadership Study

This year, the number of CS leaders reporting directly to the chief executive officer decreased by 33.0% from 54.0% to 36.0%.

While this is a steep decline, we learned that 78.5% of Customer Success teams report into the C-suite. 36.0% report to the CEO, 17.1% to the chief operations officer, and 16.6% to the chief revenue officer: a great indication that Customer Success teams are revenue drivers. The largest portion of Customer Success teams reporting to the CEO are from smaller companies with revenue of under \$49M.

Of the 14.8% who chose “other,” 42.0% indicated they reported to the chief customer or experience officer, 12.0% to an executive vice president, senior vice president, or vice president of Customer Success and 11.0% to the company founder or president, further reinforcing that Customer Success functions report into the highest levels of the organization.

### 2022 reporting structure



### 2022 reporting structure: “Other”



- Chief Executive Officer (CEO)
- Chief Operations Officer (COO)
- Chief Revenue Officer (CRO)
- Chief Financial Officer (CFO)

- Chief Product Officer (CPO) or equivalent
- Chief Marketing Officer (CMO) or equivalent
- Head of Sales
- Other

- Chief Customer Officer/Chief Experience Officer
- Founder or President
- EVP/SVP/VP of Customer Success
- Managing Director, General Manager

## Reporting structure by revenue

Based on 491 responses



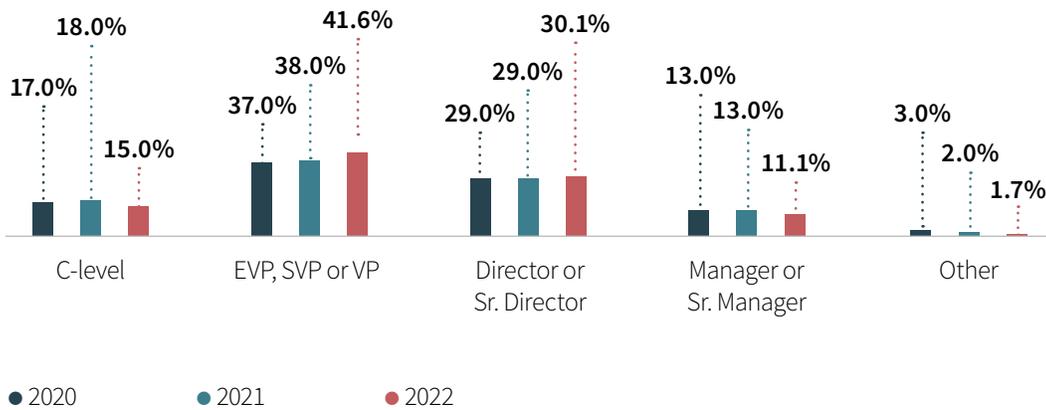
- Chief Executive Officer (CEO)
- Chief Operations Officer (COO)
- Chief Revenue Officer (CRO)
- Chief Financial Officer (CFO)
- Chief Product Officer (CPO) or equivalent
- Chief Marketing Officer (CMO) or equivalent
- Head of Sales
- Other

## EVP, SVP and VP Customer Success titles are on the rise.

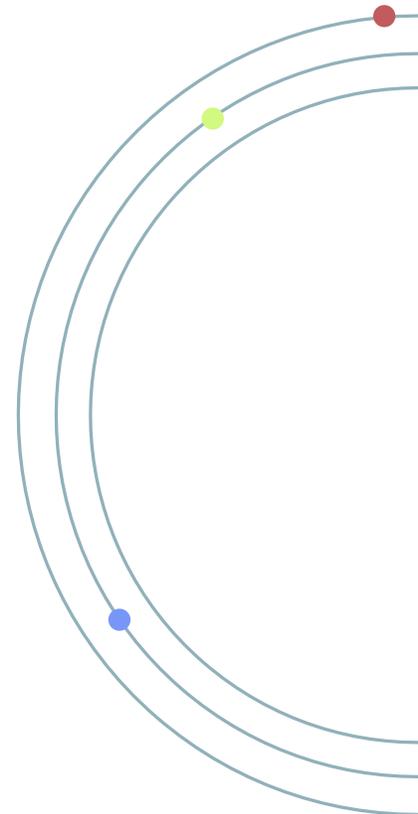
In 2022, we saw some changes in titles for CS leadership. C-level titles such as chief customer officer decreased from 18.0% to 15.0% from last year. However, EVP, SVP and VP titles increased nearly 10.0% from 38.0% to 41.6%.

Companies with \$500M or more in revenue have the highest concentration (30.3%) of C-suite Customer Success leaders, while businesses with \$1M or lower in revenue have the highest concentration (55.6%) of manager or senior manager titles. However, more than 50.0% of the Customer Success professionals in the \$1M or lower revenue band report directly to the CEO, suggesting a prominence of their function and role.

### Y-o-y comparison: Highest Customer Success leader titles

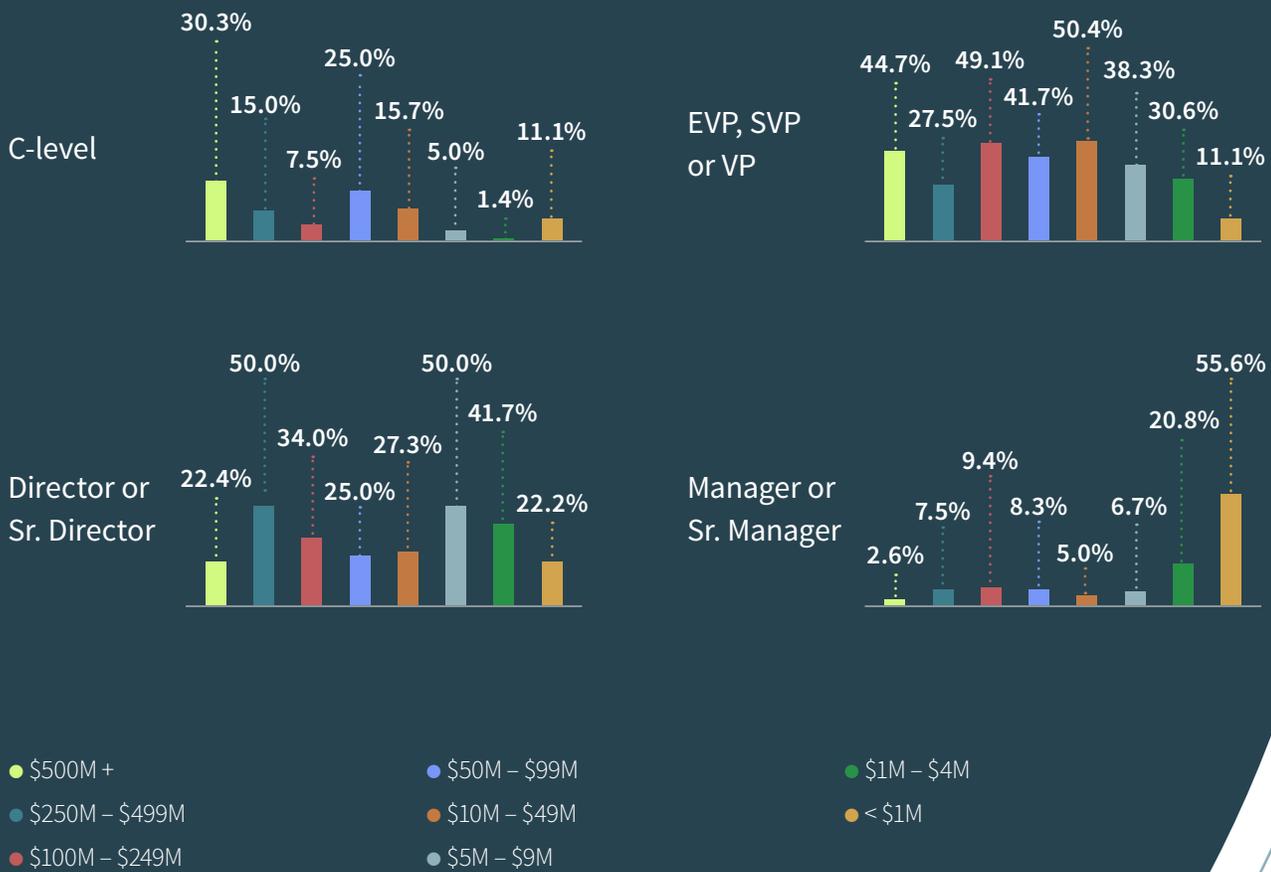


### Title of highest ranking CS leader in your organization



## Customer Success leader title by revenue

Based on 491 responses



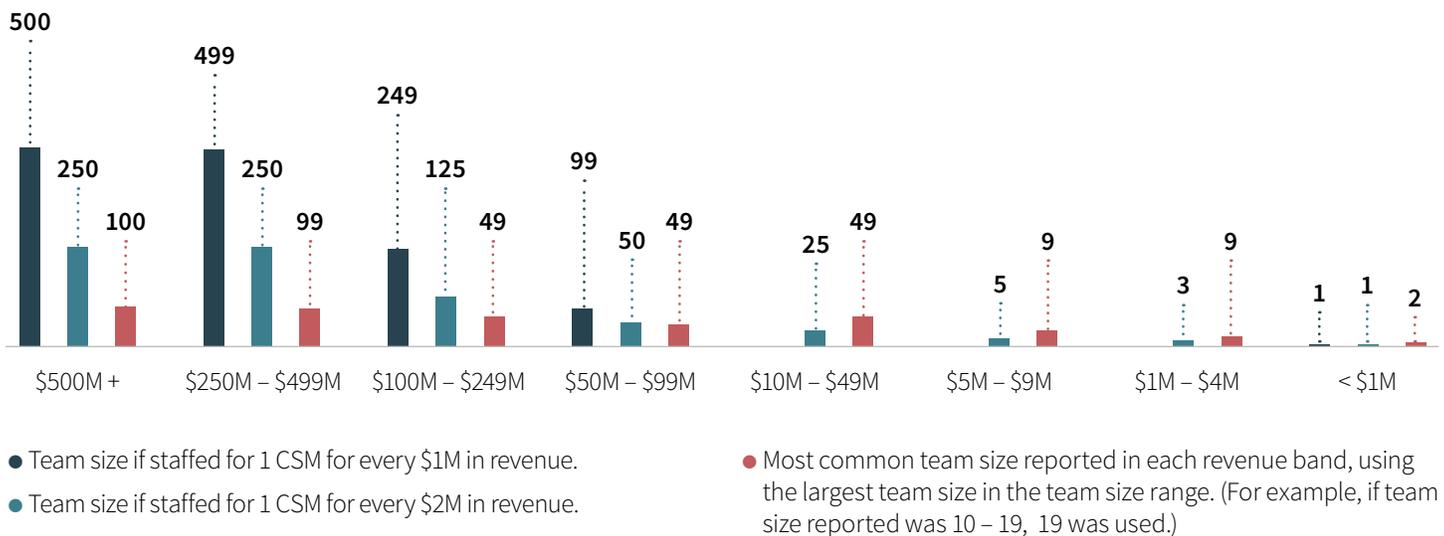
## Customer Success teams are growing—but not by enough.

The most important part of Customer Success is the team. Unfortunately, most teams surveyed fall well below industry benchmarks. 76.5% of Customer Success teams have fewer than 50 people.

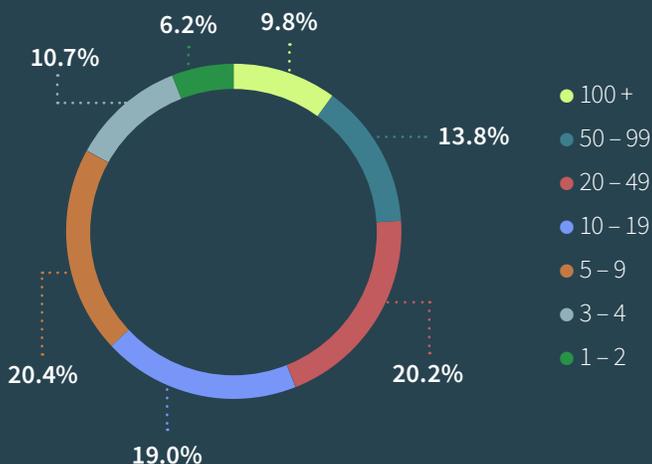
CSM coverage differs from company to company. We recommend a bottom-up approach to determining the right team size that factors in customer segments and the number of touchpoints in a customer journey to get the most accurate coverage ratio. However, we are using common benchmarks of one CSM per \$1M in revenue, or one CSM per \$2M in revenue for companies with mature or scaled Customer Success departments to assess team size.

Almost all Customer Success departments that responded to this survey are below (and in many cases well below) these benchmarks, with the exception of CS teams in companies that have \$1M – \$49M in revenue.

### Current team size compared to Customer Success benchmarks



### Customer Success team size

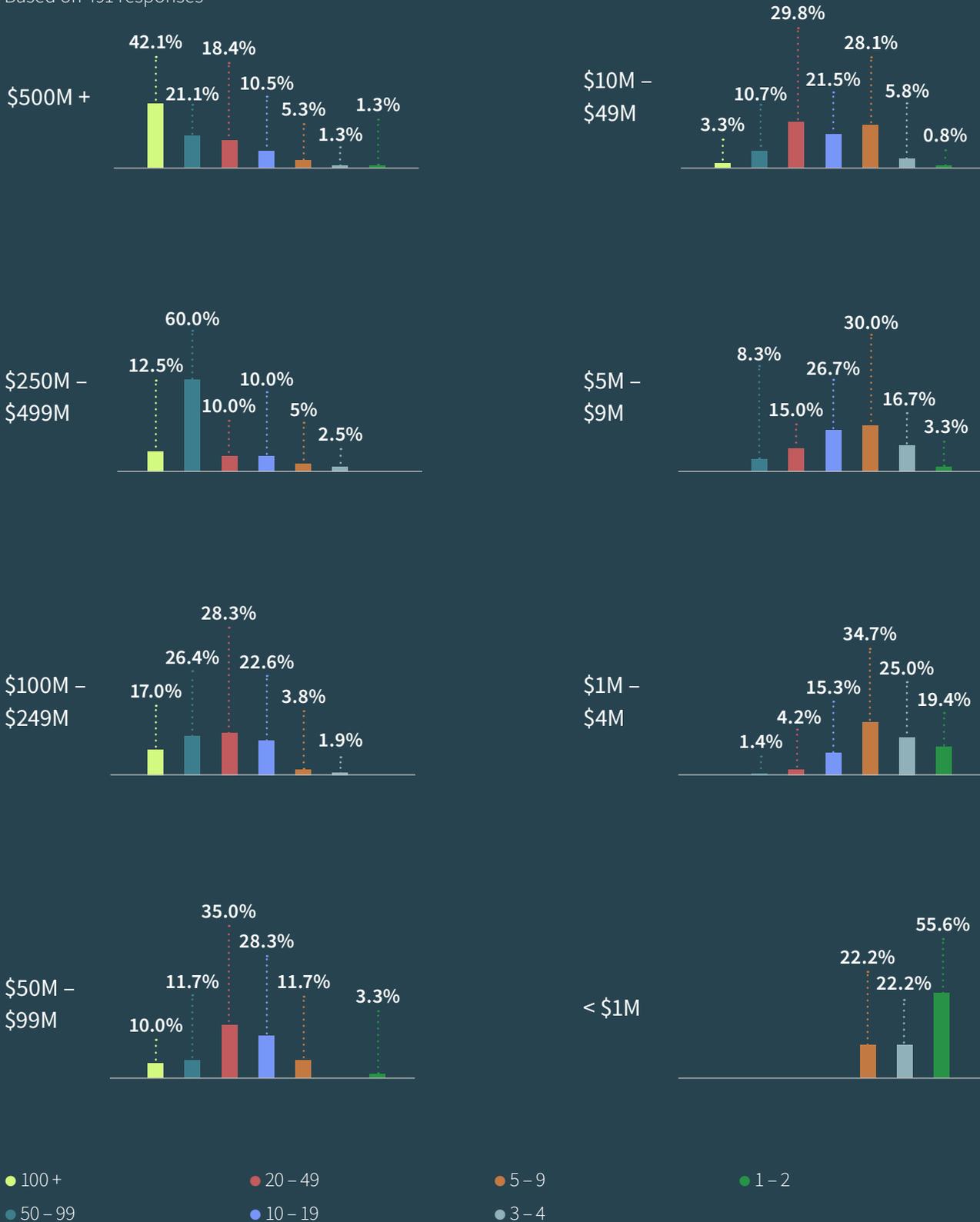


**76.5%**

of Customer Success teams have fewer than 50 people.

## Team size by revenue

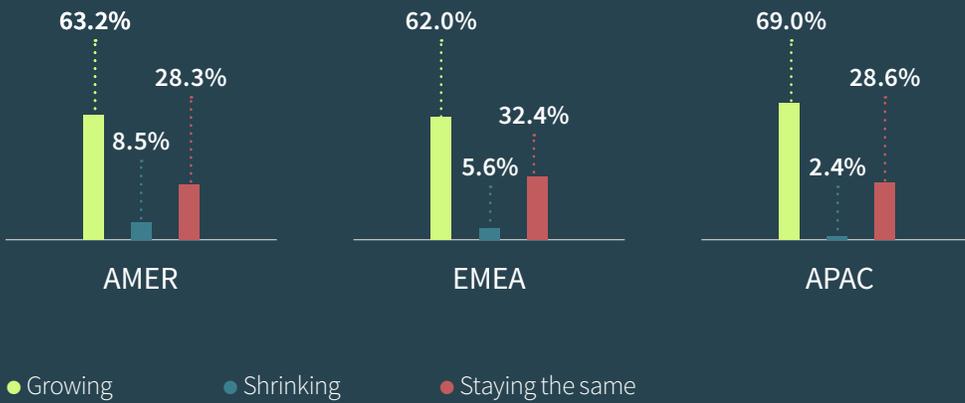
Based on 491 responses



# 63.3% of Customer Success teams are growing.

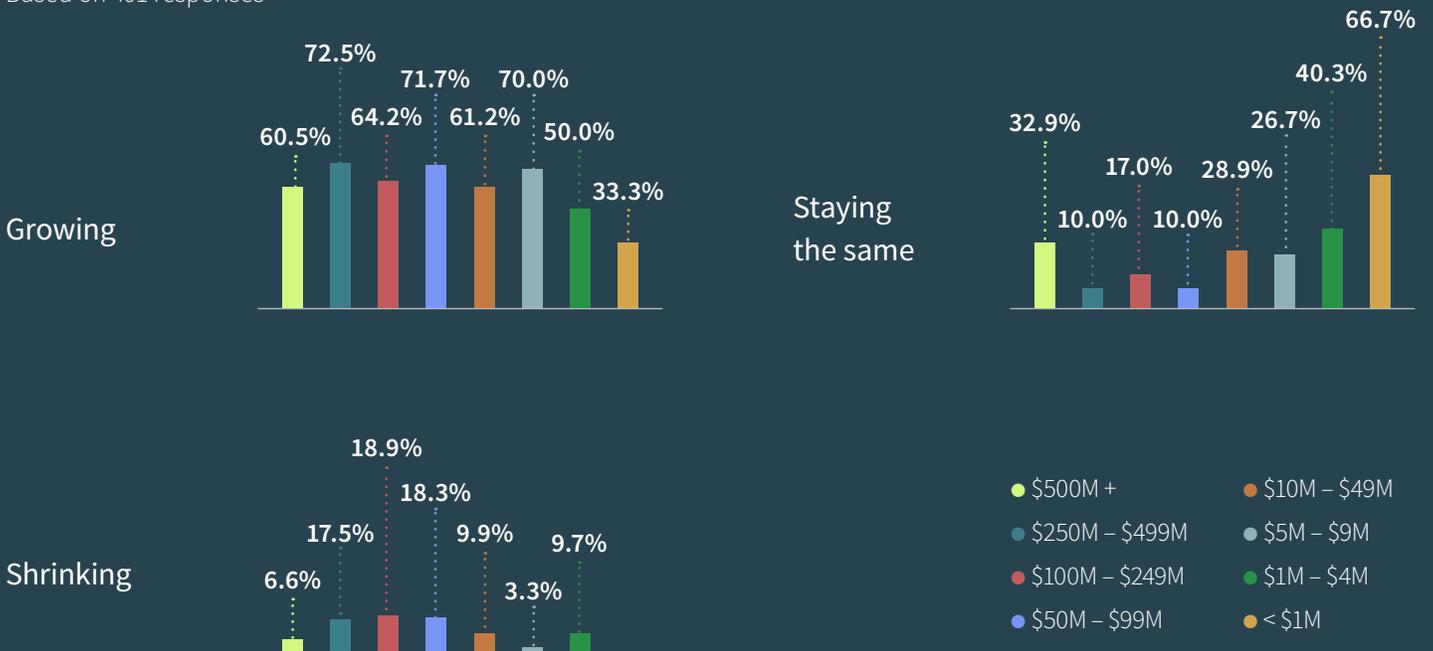
In another indication of the demand for Customer Success, 63.3% of respondents said their Customer Success teams were growing in 2022.

## Team size change by region



## Team size changes by revenue

Based on 491 responses



**Customer Success team changes**

**63.3%**

Growing (we are hiring)

**7.8%**

Shrinking (we are letting people go)

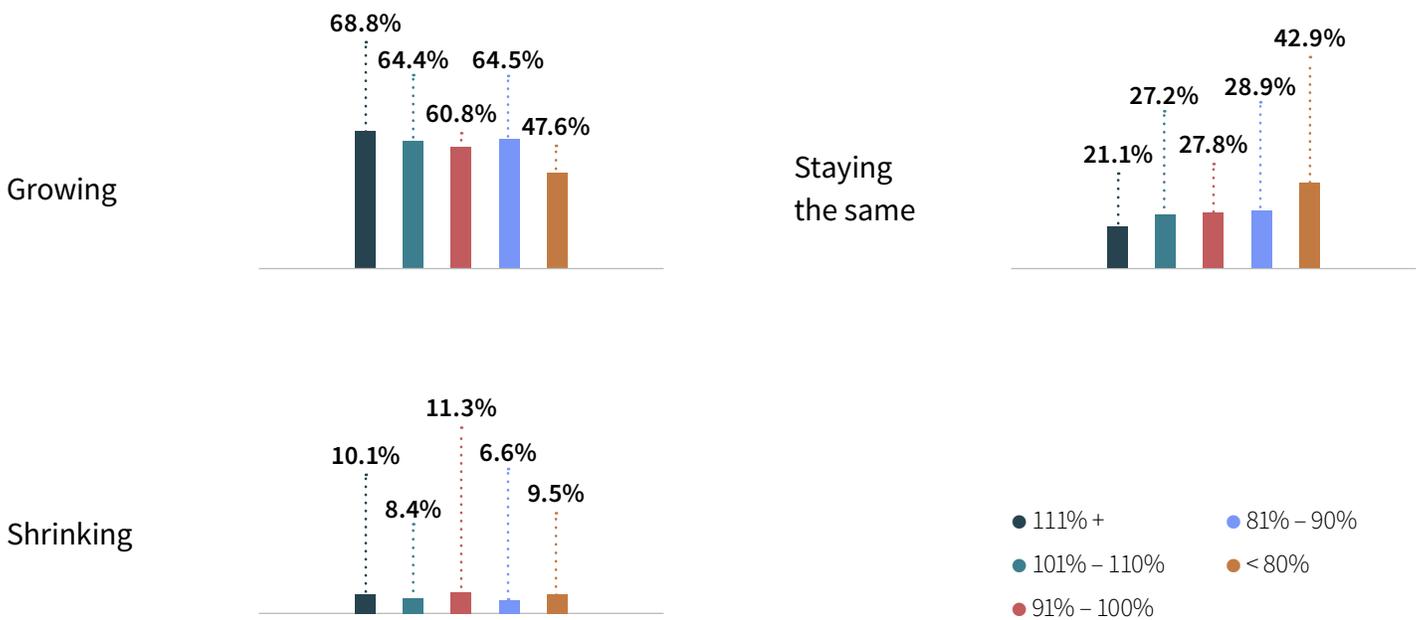
**28.9%**

Staying the same



**Team size changes by NRR**

Based on 491 responses



## Low non-headcount budgets suggest underinvestment in Customer Success infrastructure.

Customer Success non-headcount budgets tend to be a much smaller percentage of revenue than those of sales or marketing, as the majority of Customer Success funds are allocated to headcount, not infrastructure. However, even with that said, Customer Success non-headcount budgets are too low to allow teams to obtain the purpose-built systems and tools to help them increase efficiency and scale.

To determine the percent of budget by revenue, we used the best-case scenario for each revenue and budget range – the highest revenue and highest non-headcount budgets.

The majority of Customer Success teams have budgets of 0.5% of revenue or less. Notably, teams in the \$250M – \$499M revenue band have non-headcount budgets of merely 0.02% of revenue.

Overall, 64.1% of respondents reported non-headcount budgets of \$200,000 or less: a severe under-investment in this critical business function.

### Customer Success non-headcount budgets

Based on 386 responses

**8.3%**

\$1M +

**12.4%**

\$500,000 – \$1M

**15.2%**

\$200,000 – \$499,999

**18.3%**

\$100,000 – \$199,999

**19.4%**

\$50,000 – \$99,999

**26.4%**

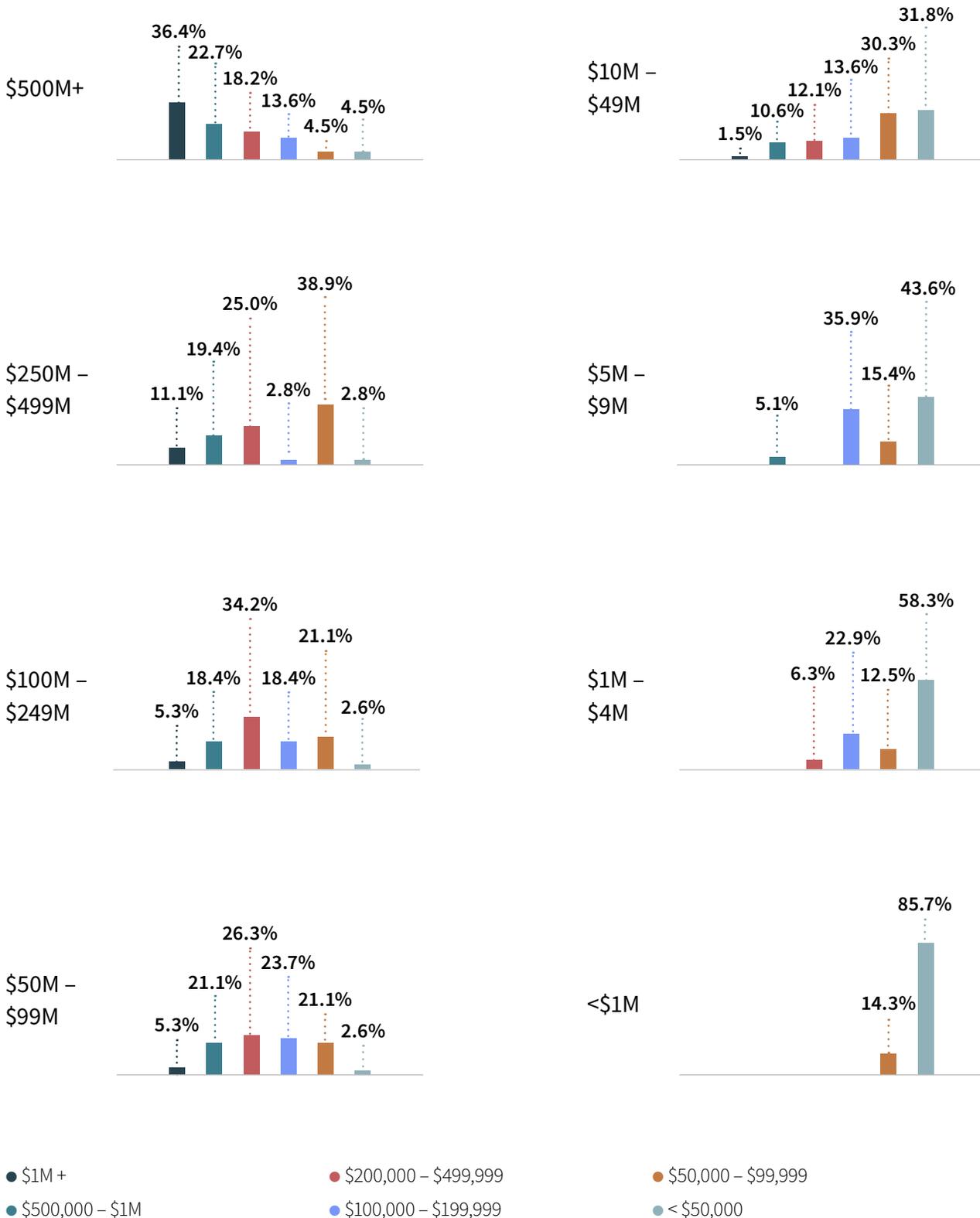
< \$50,000

### Budget percentage of revenue

| Revenue range   | Non-headcount budget          | Highest revenue range | Highest budget | % of revenue |
|-----------------|-------------------------------|-----------------------|----------------|--------------|
| \$500M +        | 36.4% = \$1M +                | \$500M                | \$1M           | 0.20%        |
| \$250M – \$499M | 38.9% = \$50,000 – \$99,999   | \$499M                | \$99,999       | 0.02%        |
| \$100M – \$249M | 34.2% = \$200,000 – \$499,999 | \$249M                | \$499,999      | 0.20%        |
| \$50M – \$99M   | 26.3% = \$200,000 – \$499,999 | \$99M                 | \$499,999      | 0.50%        |
| \$10M – \$49M   | 31.8% = < \$50,000            | \$49M                 | \$50,000       | 0.10%        |
| \$5M – \$9M     | 43.6% = < \$50,000            | \$9M                  | \$50,000       | 0.50%        |
| \$1M – \$4M     | 58.3% = < \$50,000            | \$4M                  | \$50,000       | 1.00%        |
| < \$1M          | 85.7% = < \$50,000            | \$1M                  | \$50,000       | 5.00%        |

## Non-headcount budget by revenue

Based on 316 responses



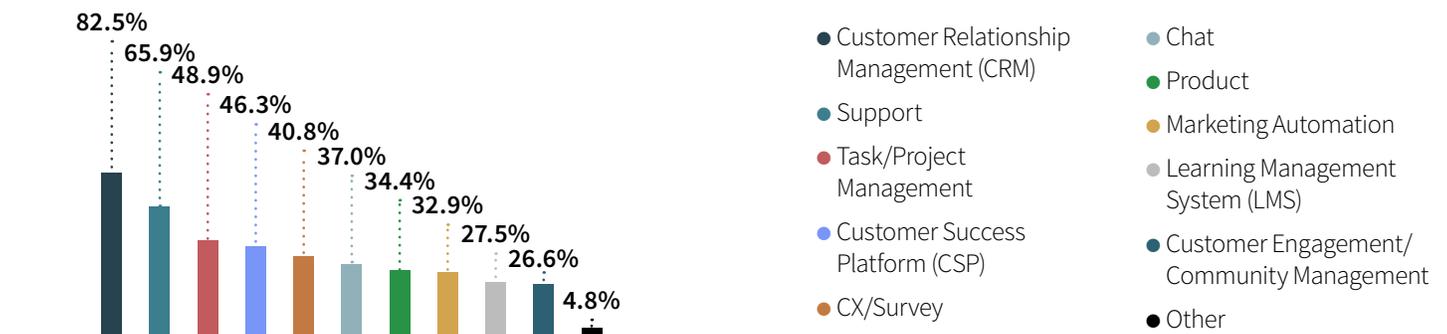
# Customer Success infrastructure is underfunded.

A comparison of non-headcount budgets to the amount of dedicated Customer Success technology used indicates that purpose-built infrastructure is underfunded.

In an age where no sales team would function without a CRM, or a marketing team without marketing automation, it is striking that CS teams responsible for a company's customer base are lacking purpose-built technology and data.

Companies may be trying to catch up. The data shows a recognized need for the Customer Success function, and an increase in non-headcount budgets. However, there is insufficient investment in the CS tech stack to operationalize the function appropriately.

## Customer Success tech stack



## Most CS leaders say their budget is increasing or holding steady.

79.6% of respondents report that their budget is increasing or staying the same this year.

### Overall budget changes

**51.9%**

Budget increased

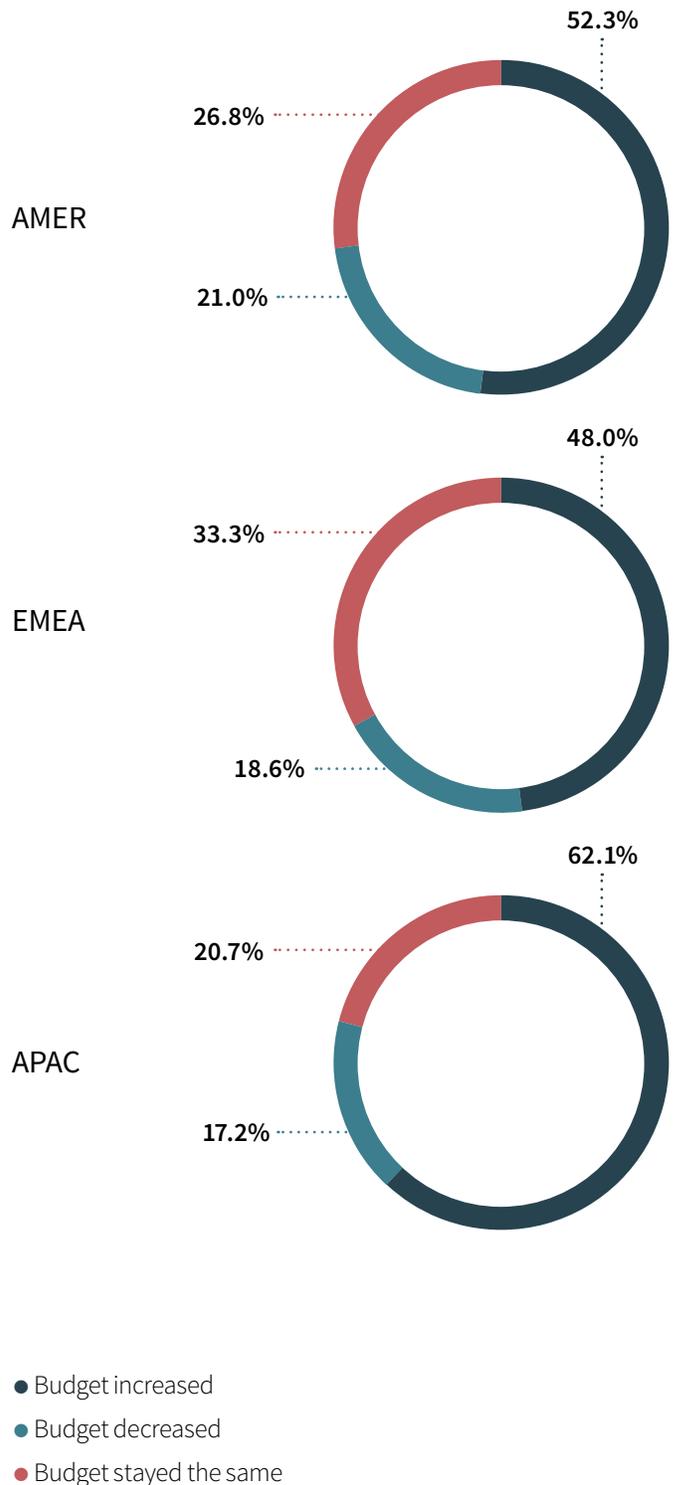
**20.4%**

Budget decreased

**27.7%**

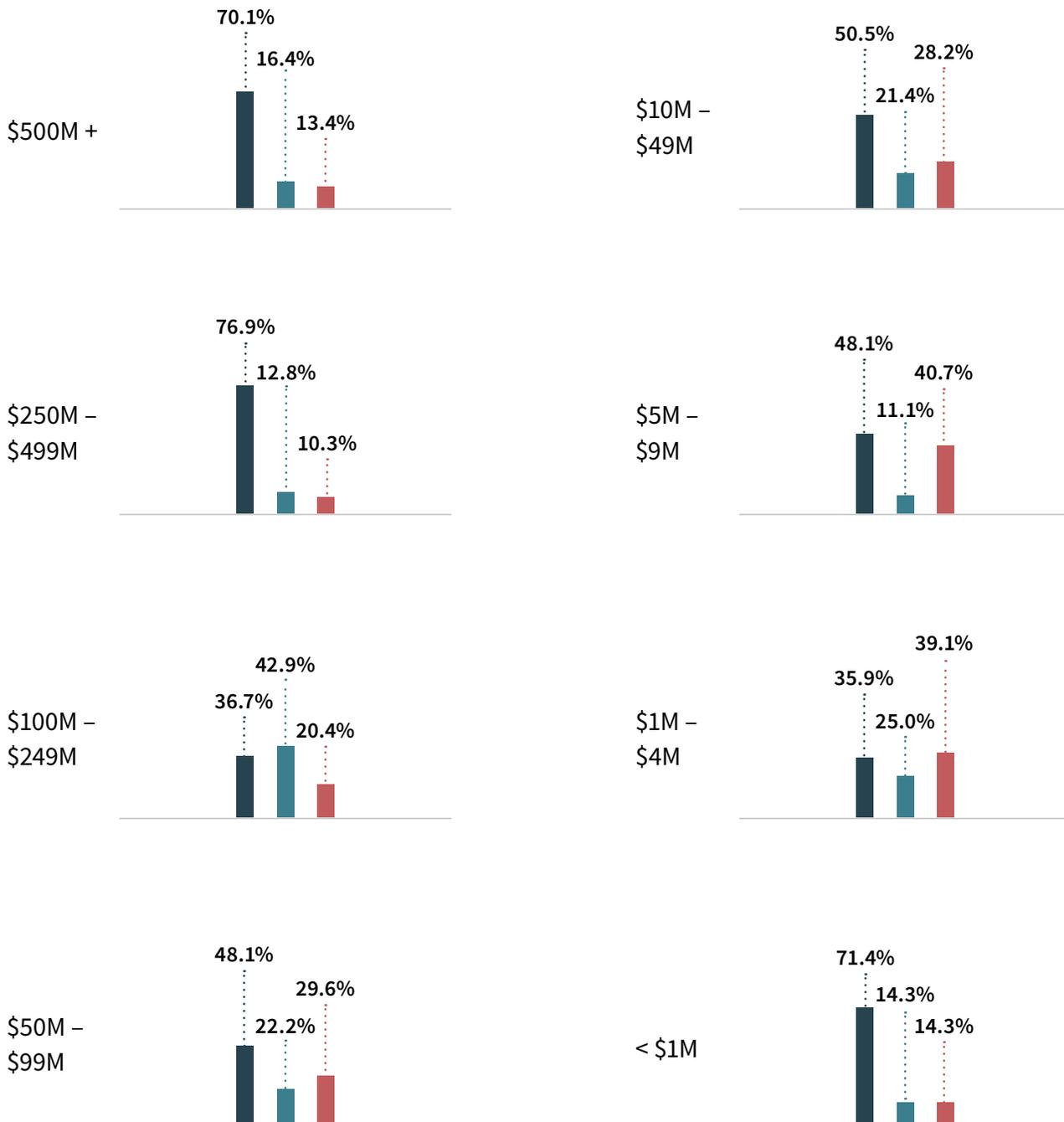
Budget stayed the same

### Budget changes by region



## Budget changes by revenue

Based on 437 responses



● Budget increased      ● Budget decreased      ● Budget stayed the same

## Economic volatility is delaying purchasing decisions at 57.9% of companies.

Last year, we looked at the impact of COVID-19 on Customer Success. This year, we looked at the impact of general financial uncertainty.

57.9% of all respondents said that financial uncertainty is impacting their company's purchasing decisions. 42.3% are delaying purchases for three months, while 15.6% are delaying for six months.

Regionally, EMEA seems the most bullish about the economy: 53.0% of EMEA respondents said the current economic environment had no impact on purchasing decisions.

### Is economic volatility impacting purchasing decisions?

**42.1%**

No, moving along as normal

**42.3%**

Yes, waiting on big purchases or decisions (3 months)

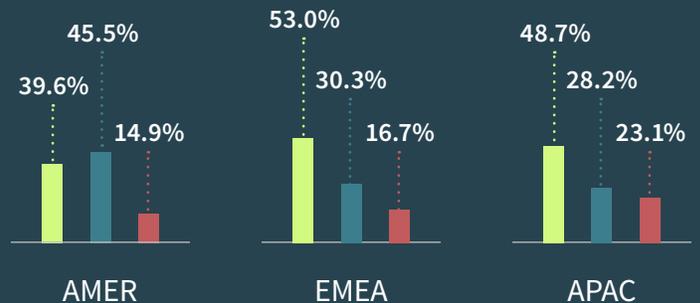
**15.6%**

Yes, waiting on big purchases or decisions (6 + months)

“It's never been more important for Customer Success leaders to be business leaders. We need to not only understand the dynamics that are impacting the company and the broader industries that we serve, but also have a deep understanding of the value we provide, how it's delivered, and how it makes an impact on the numbers.”

Jay Nathan, Executive Vice President, Corporate Market and Chief Customer Officer, Higher Logic Vanilla

### Impact of economic volatility by region



- No, moving along as normal
- Yes, waiting on big purchases or decisions (3 months)
- Yes, waiting on big purchases or decisions (6 + months)

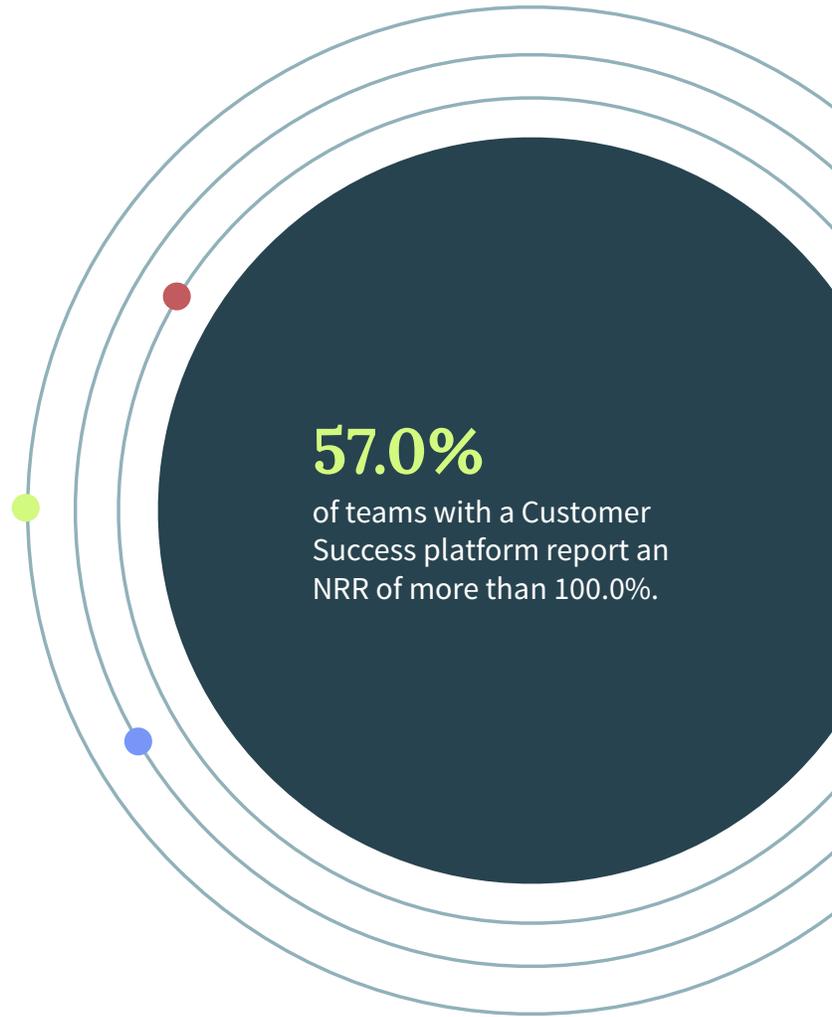
## Impact of economic volatility by revenue

Based on 491 responses

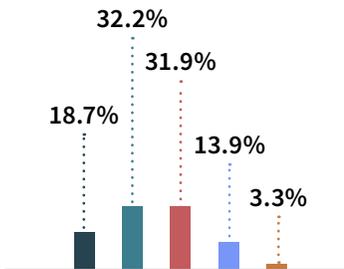


## Teams with a Customer Success platform are more likely to report NRR greater than 100%.

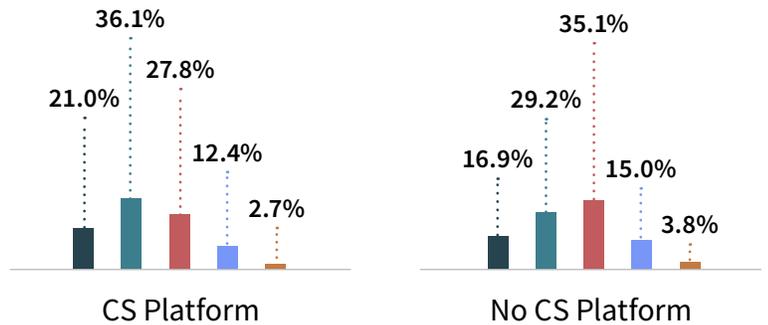
While there are many factors that impact NRR, it is a top metric for Customer Success and an indicator of the team's impact on the business. The majority of respondents reported NRR between 91% – 110%.



**NRR**



**NRR with and without a Customer Success platform**



- 111% +
- 101% – 110%
- 91% – 100%
- 81% – 90%
- < 80%

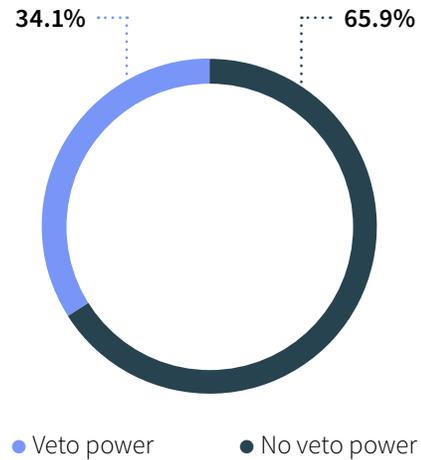
## One-third of CS teams now have veto power over bad-fit customers.

Another indication of the rising influence of Customer Success teams is their ability to influence sales. Currently, 34.1% of CS departments have veto power for bad-fit customers. Within the \$250M – \$499M revenue band, that number increases to a whopping 65.0%.

The teams within the \$250M – \$499M revenue band also have the lowest ownership of renewals and expansions (25.0%), as those roles are primarily handled by account management or dedicated renewals teams within companies of this size.

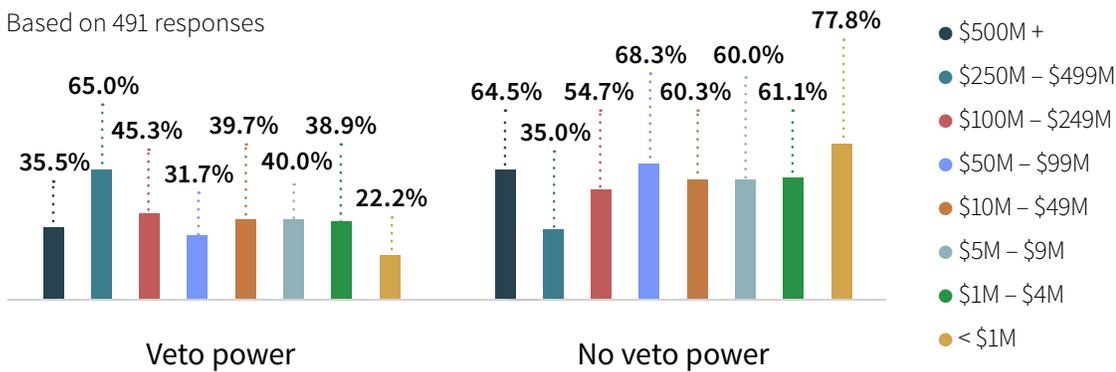
It should also be noted that the higher the ACV, the more likely the CS team can veto, reflecting the importance of not signing a bad-fit customer and the influence of Customer Success teams in determining the bad fit.

### Customer Success teams with veto power



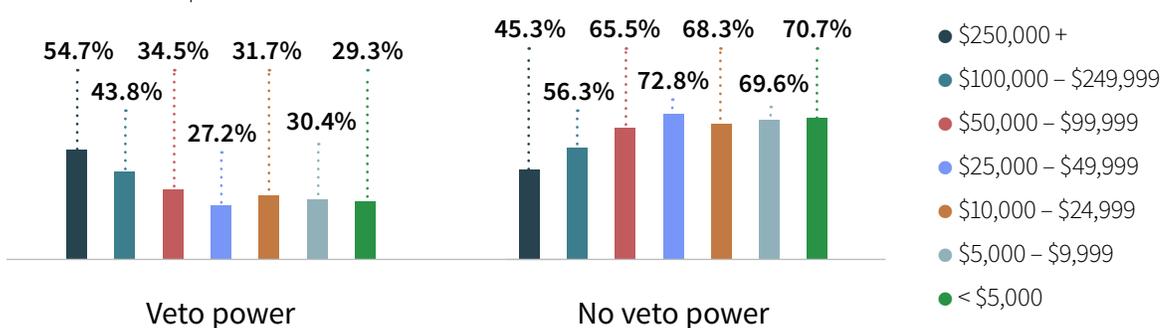
### Veto power by revenue

Based on 491 responses



### Veto power by ACV

Based on 582 responses



# Section 2: Organizational alignment

Organizational alignment is critical to building a solid Customer Success foundation. Its factors include inter-departmental collaboration, organizational charters, and the ownership of renewal, upsell, and cross-sell.

## Key findings:

- Onboarding and adoption remain top organizational charters for CS teams
- Collaboration with other departments is trending downward for the second year
- Renewal ownership is trending downward, expansion ownership remains steady

## Organizational charters remain consistent.

Perhaps the most important building blocks of a Customer Success foundation are the CS team's organizational charters.

For 2022, customer onboarding is the most common organizational charter. Product adoption, customer engagement, renewal, and expansion follow closely behind. This has remained constant over the three years of our survey.



### 2021/2022 organizational charter

- Onboarding
- Adoption
- Engagement
- Renewals
- Expansion

## Charter by revenue

| \$500M +   | \$250M –<br>\$499M | \$100M –<br>\$249M | \$50M –<br>\$99M | \$10M –<br>\$49M | \$5M –<br>\$9M | \$1M –<br>\$4M | < \$1M     |
|------------|--------------------|--------------------|------------------|------------------|----------------|----------------|------------|
| Adoption   | Adoption           | Adoption           | Onboarding       | Onboarding       | Onboarding     | Onboarding     | Onboarding |
| Onboarding | Renewals           | Onboarding         | Adoption         | Adoption         | Adoption       | Adoption       | Adoption   |
| Engagement | Onboarding         | Engagement         | Renewals         | Renewals         | Renewals       | Renewals       | Renewals   |
| Renewals   | Engagement         | Renewals           | Engagement       | Engagement       | Engagement     | Engagement     | Engagement |
| Expansion  | Expansion          | Expansion          | Expansion        | Expansion        | Expansion      | Expansion      | Expansion  |

## Inter-departmental collaboration is trending downward for the second year running.

The cross-functional teams with which Customer Success collaborates follow the pattern of previous years, with sales and product named most frequently as collaborators.

CS teams within the \$250M – \$499M revenue band show a high level of collaboration across all teams, with the highest levels among finance and operations, suggesting a more mature and automated CS function.

In 2020, a main takeaway from our [inaugural report](#) was that if CS teams want to articulate return on investment (ROI) better, they should strengthen their bond with finance teams. With just 44.9% of respondents reporting regular collaboration with their finance team—down from 51.0% in 2020—this recommendation is more urgently needed than ever.

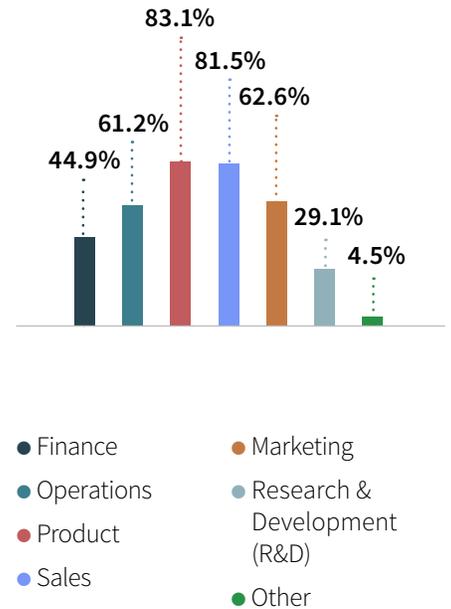
## Why is collaboration trending downward?

While the departments that Customer Success teams work with regularly have remained relatively consistent since 2020, year-over-year data shows a steady decline in the percentage of respondents collaborating with them.

The most prominent example is the relationship between CS and marketing, with a nine-point drop in collaboration since 2021, and a 13-point drop since 2020. These numbers are surprising given the growing prevalence of and demand for automation, customer communication, and digital CS. Customer Success teams whose relationship with marketing has waned should re-double their bridge-building efforts to provide the digital experiences that today's customers expect.

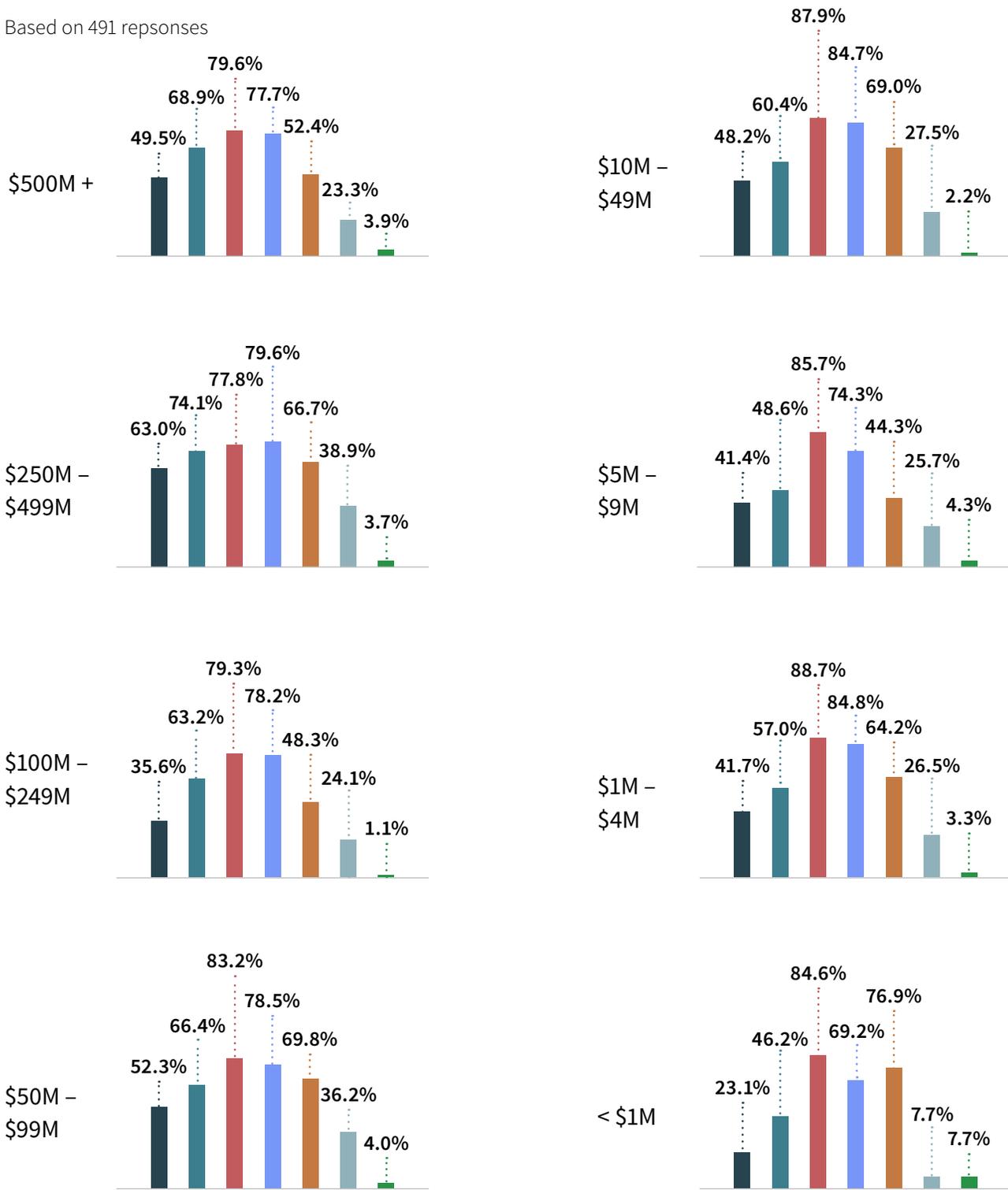
Why has collaboration dropped? Last year, we hypothesized that in the early days of the pandemic, interdepartmental cooperation trended above the norm as different departments banded together to navigate uncharted waters. In this view, the slight decline in collaboration levels between 2020 and 2021 was simply a reversion to the mean. However, a second year of decline is a red flag.

### Customer Success internal collaboration



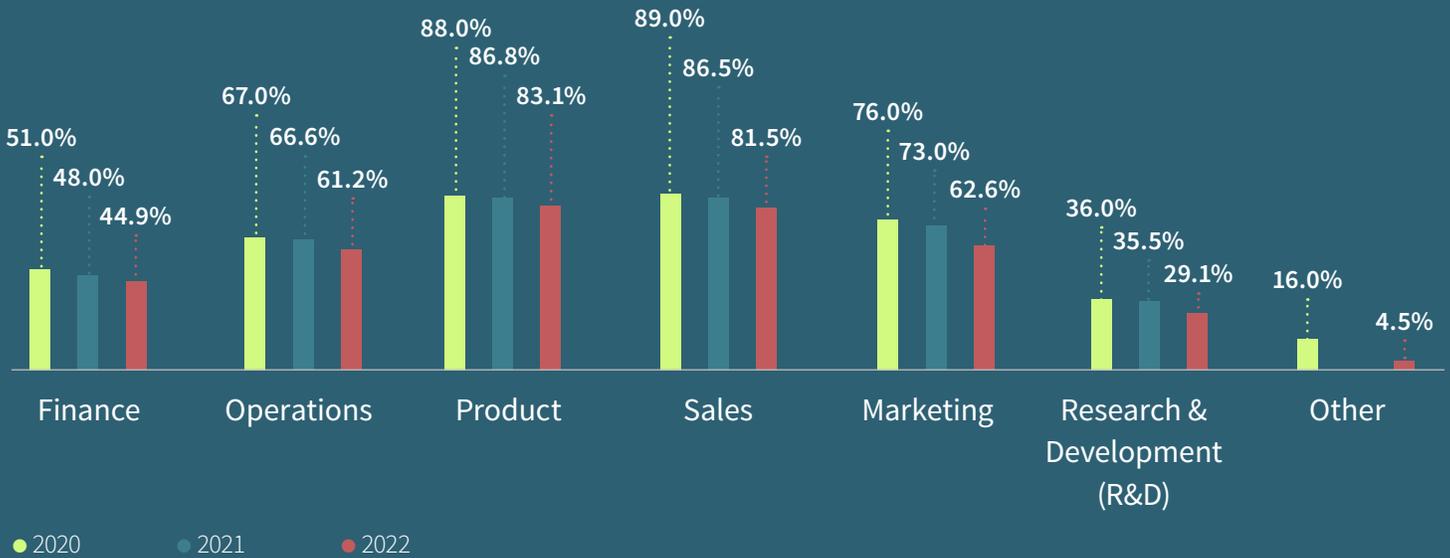
## Team collaboration by revenue

Based on 491 responses



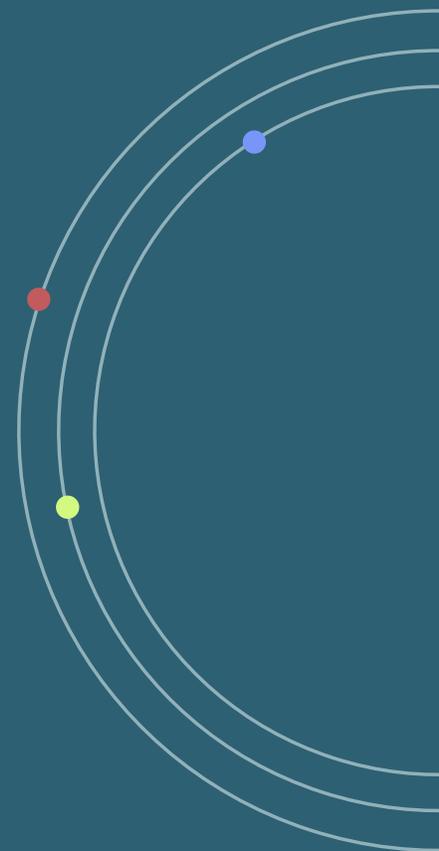
- Finance
- Operations
- Product
- Sales
- Marketing
- Research & Development (R&D)
- Other

### Team collaboration (y-o-y)



“After two years of falling collaboration rates between Customer Success and their peer organizations in our data, there’s clearly a lot of work to do. The Customer Success organization cannot achieve its mandate of driving success for customers without the participation of other departments. It simply won’t work anymore to pretend we can do all of this ourselves. This is a problem that leaders must face head on, with communication and diplomacy. It’s time to step up!”

Peter Armaly, Vice President of Customer Success, ESG

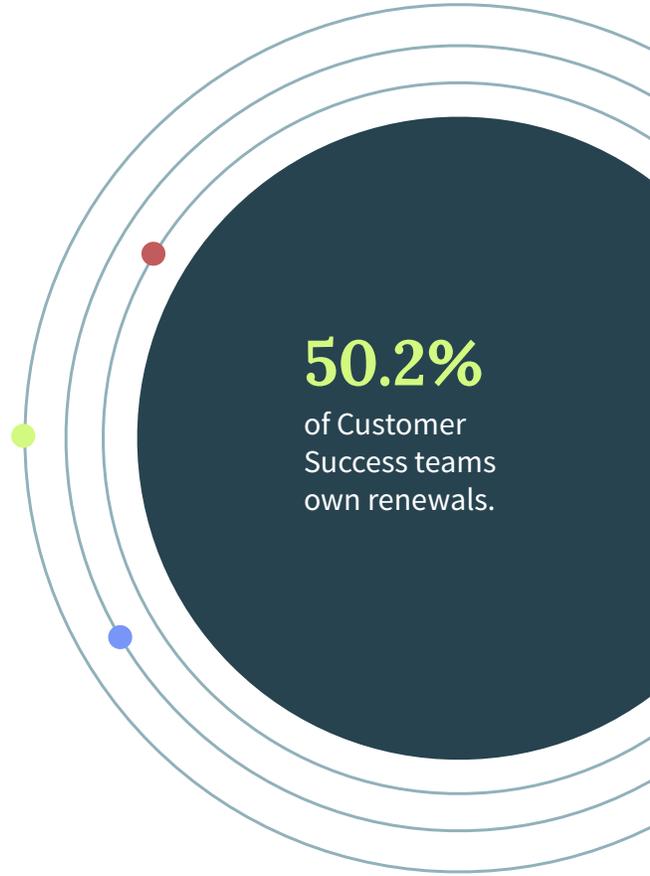


## Renewals ownership declines; expansion ownership holds steady.

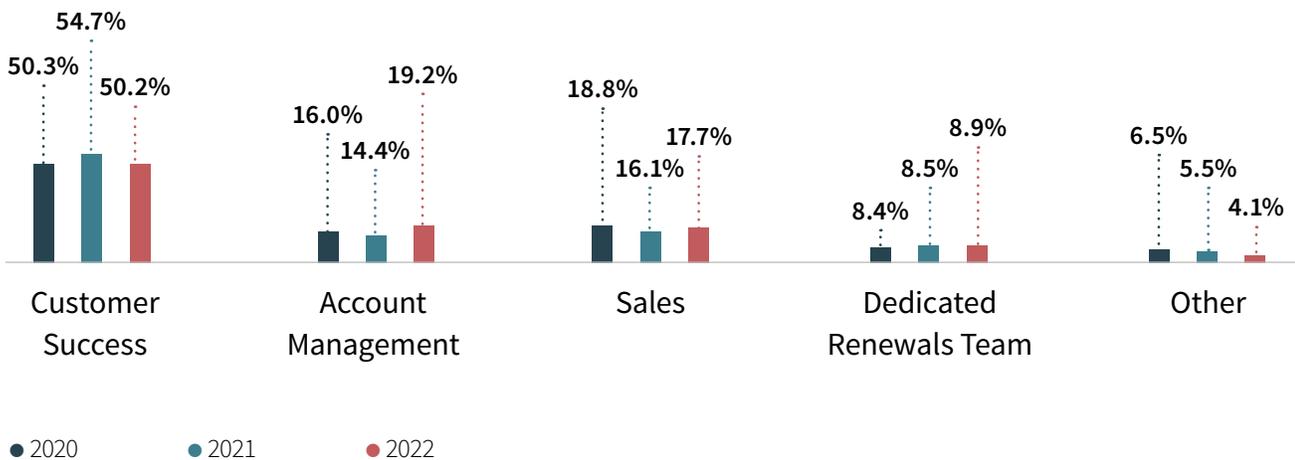
Our survey data indicates a decrease in CS ownership of renewals from 54.7% to 50.2% year-over-year, trending back to 2020 configurations, with the account management team claiming the difference.

Ownership of expansion, meanwhile, has held steady. In companies with lower revenue, Customer Success is the most frequent owner of renewals. Larger companies tend to have these functions owned by sales, account management, or a dedicated renewals team.

Similarly, Customer Success ownership of expansion trends downward as ACV increases, with sales ownership of expansion trending upward as ACV increases.



### Renewals (y-o-y)



## Renewals by revenue

Based on 491 responses



- Customer Success
- Account Management
- Other
- Sales
- Dedicated Renewals Team

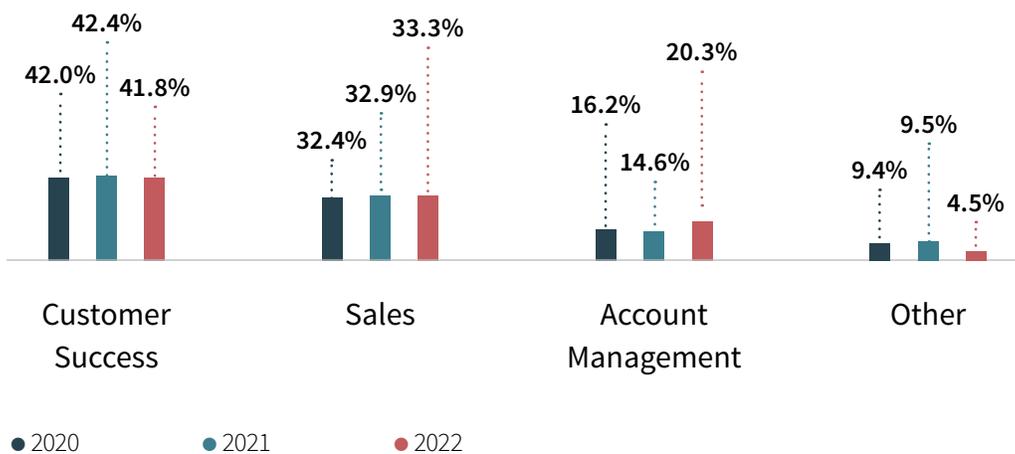


**41.8%**

of Customer Success teams own expansion.

Customer Success teams need to be revenue drivers, not happiness teams.

### Expansion (y-o-y)



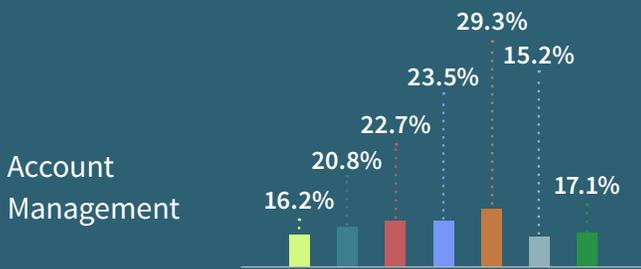
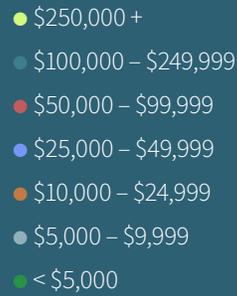
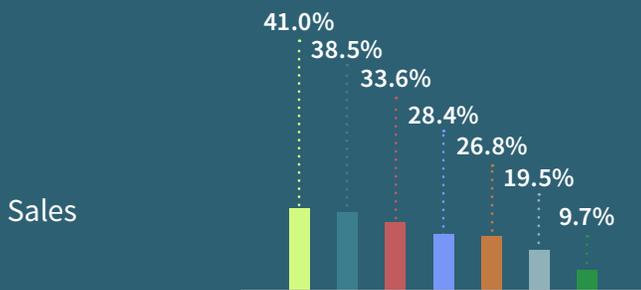
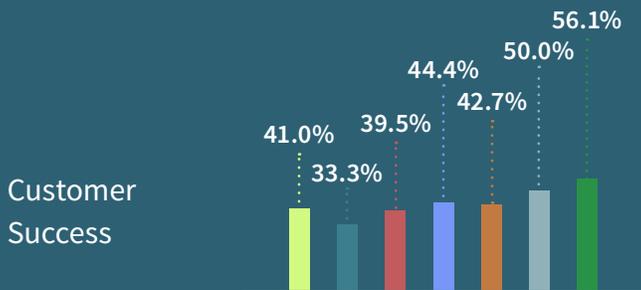
## Expansion by revenue

Based on 491 responses

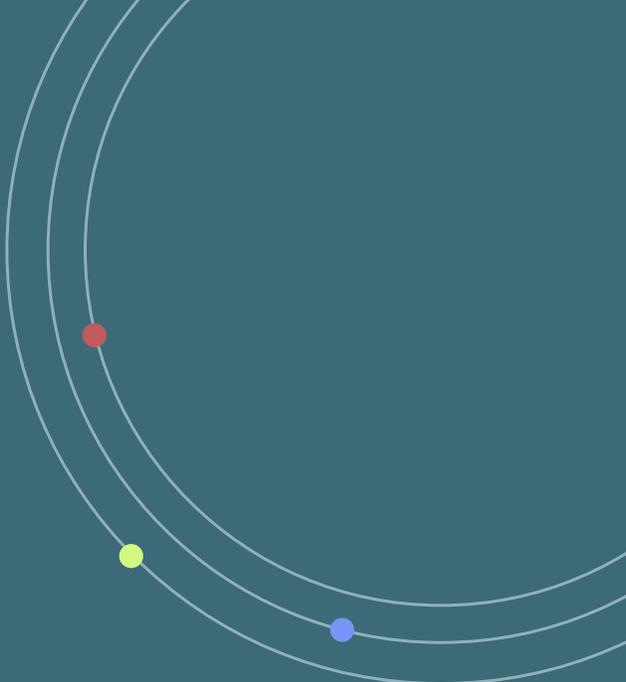


## Expansion by ACV

Based on 582 responses



# Section 3: Customer Success operations



Gone are the days when Customer Success operations was viewed simply as Customer Success platform administration. Progressive Customer Success organizations know that Customer Success operations encompasses everything from strategy, processes, and planning, to analysis, communication, enablement, and yes, platforms. Customer Success operations can and should be the steady foundation on which your customer-facing team members stand.

## Key findings:

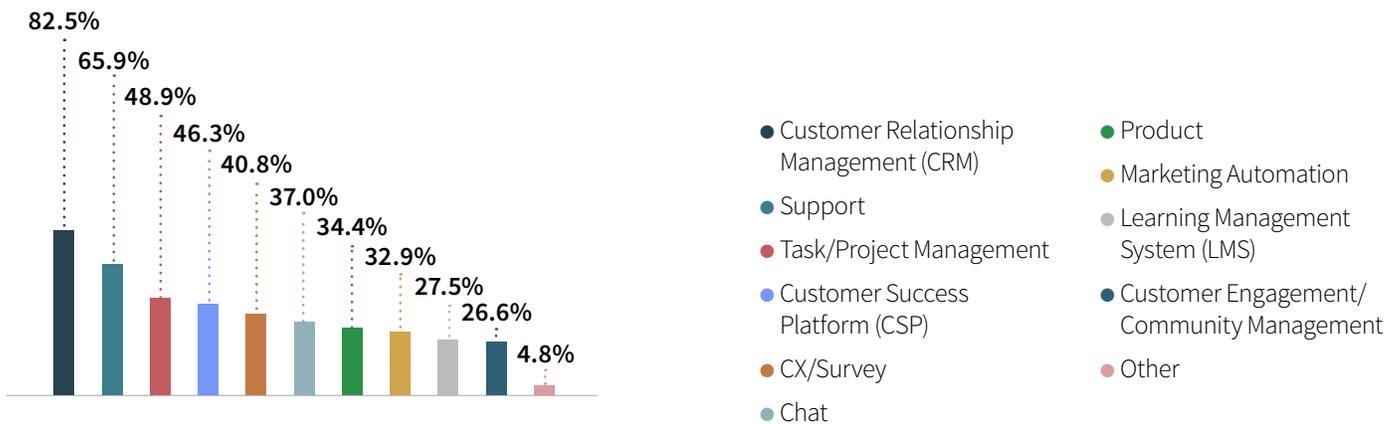
- Technology is underused
- More than half of Customer Success teams have a customer operations role
- Net revenue retention (NRR) is the one metric to rule them all, followed closely by gross revenue retention (GRR) and churn rate
- There is consistent incremental movement in implementing key strategies towards a partially or fully implemented status

## Customer Success departments are still not fully operationalized.

This year's data shows slight increases in technology typically used to run or support Customer Success operations and power customer experience. However, with the exception of CRMs, which are built for sales organizations, and ticketing tools designed for support teams, less than 50.0% of respondents are using purpose-built Customer Success platforms.

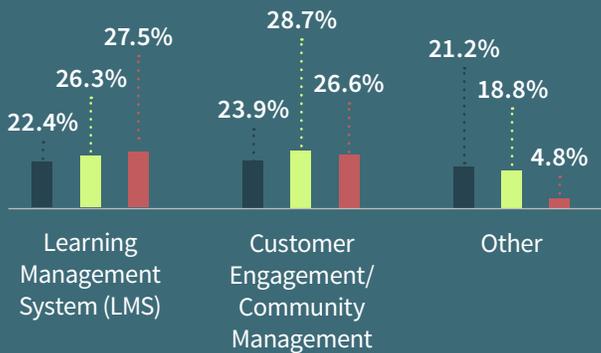
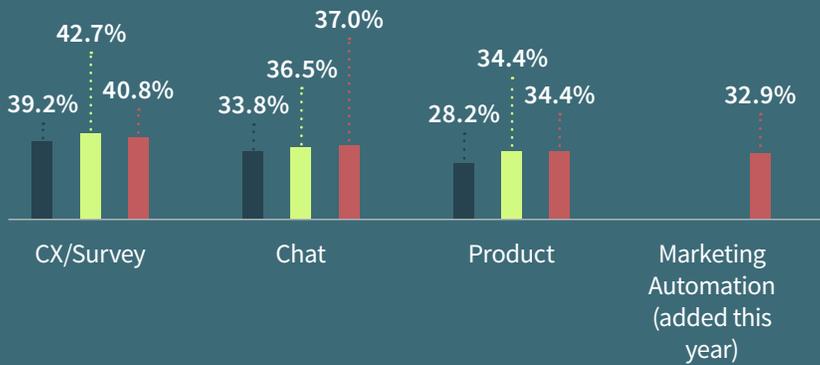
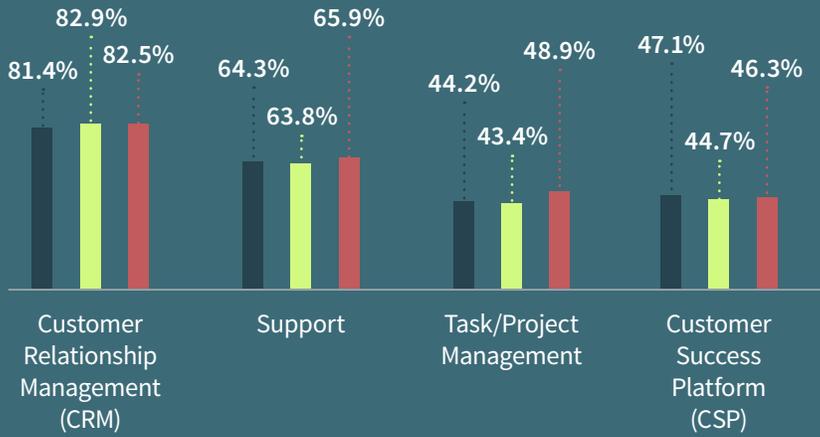
This suggests that Customer Success teams are managing their operations and customers through sales tools and manual means such as spreadsheets—an attribute of an early maturity phase. It also suggests that Customer Success teams are inheriting their tech stack from other departments. The decentralization of customer data caused by these second-hand, siloed tools poses a threat to CS teams' ability to automate, and therefore provide proactive support and scale. The heavy reliance on CRMs is particularly problematic for CS teams' autonomy and capacity to manage post-sale customer relationships.

### Customer Success tech stack



## What does your tech stack look like?

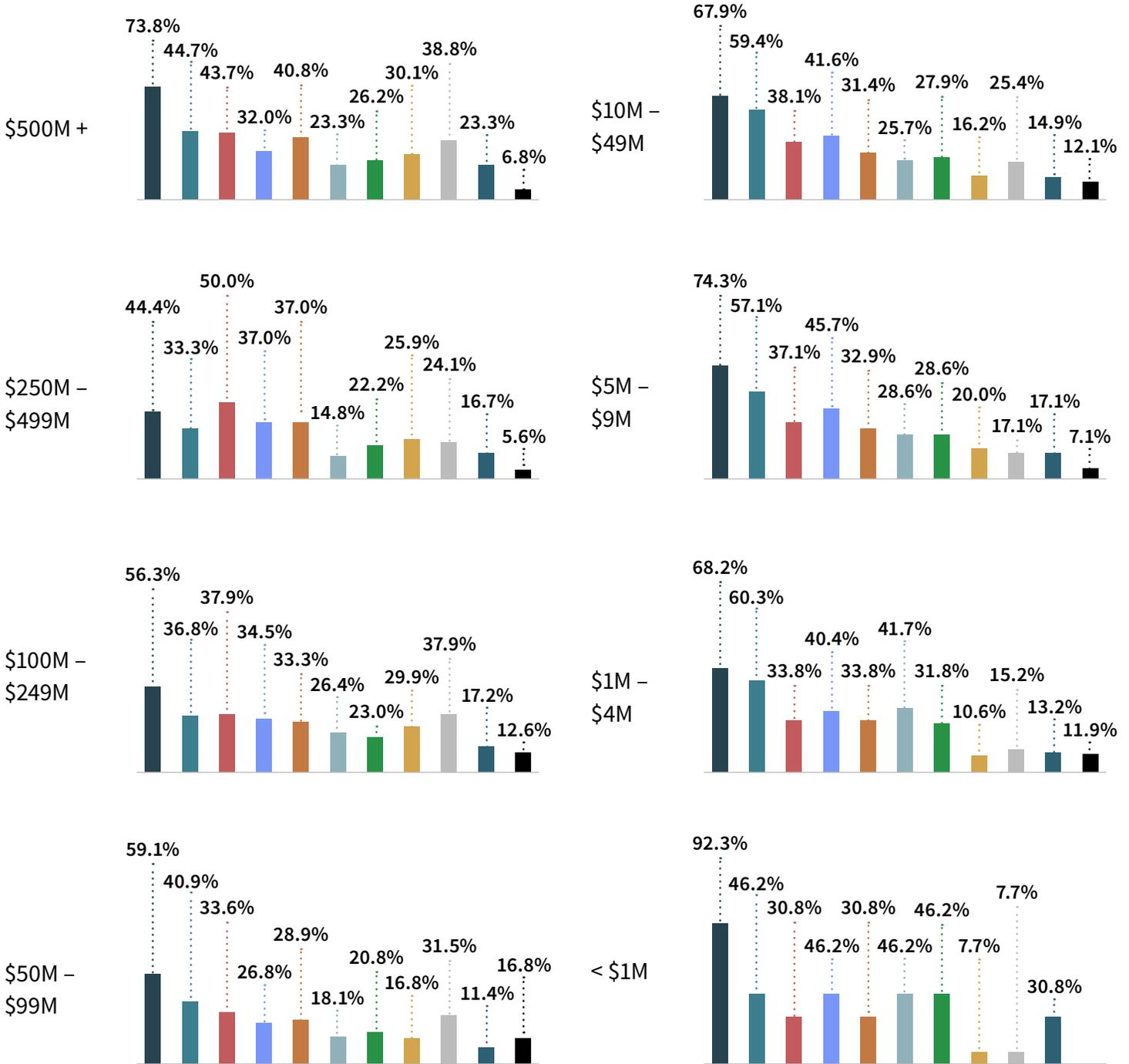
Based on 942 responses



● 2020  
● 2021  
● 2022

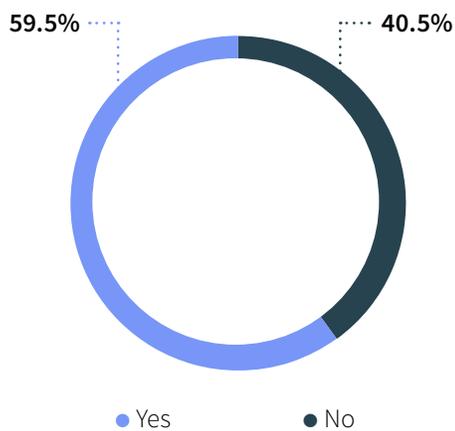
## Tech stack by revenue

Based on 942 responses



- Customer Relationship Management (CRM)
- Task/Project Management
- Customer Engagement/Community Management
- Support
- CX/Survey
- Learning Management System (LMS)
- Marketing Automation
- Customer Success Platform (CSP)
- Chat
- Product
- Other

### Dedicated Customer Success operations role



## Customer Success operations roles are becoming the rule, not the exception.

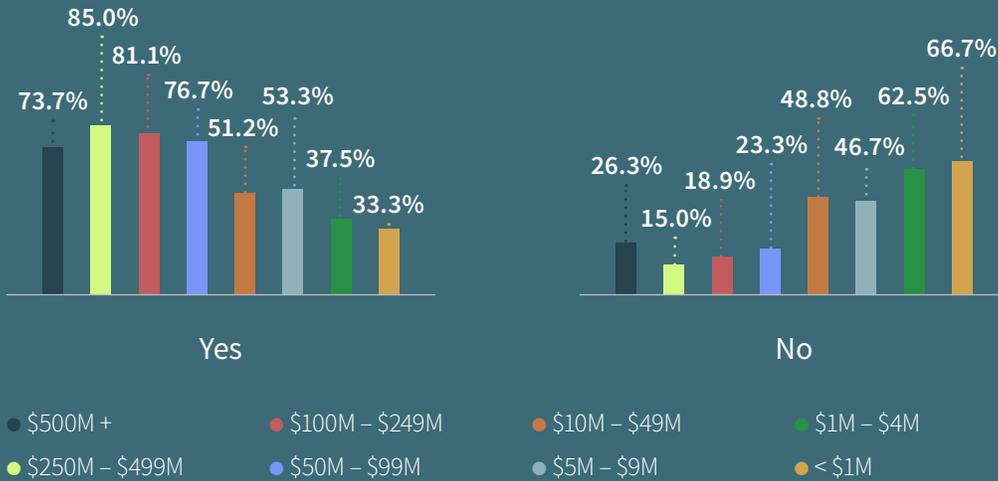
59.5% of respondents now have a dedicated person for Customer Success operations. That number gets higher in larger companies, companies with larger Customer Success teams, and companies who have invested in a Customer Success platform. This dedicated role shows investment in Customer Success and a greater level of maturity in the function.

Another encouraging sign when it comes to CS operations is the correlation between having a dedicated CS operations role and collaborating regularly with the broader operations department. 64.1% of CS departments with a dedicated CS ops role work together with operations to accomplish shared goals, versus just 46.5% of teams without the specialized role.

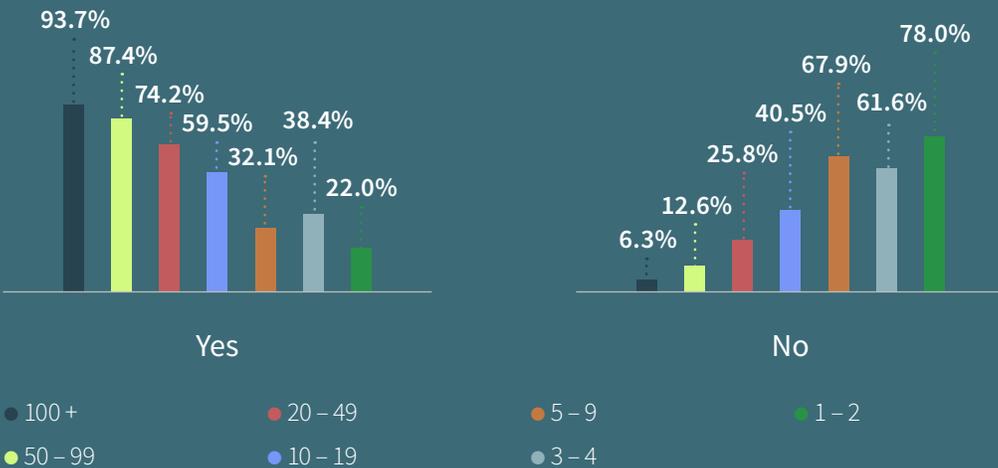
Customer Success operations roles have been one of the fastest growing sub-segments of our industry as of late. The prevalence of this role will be an interesting one to watch in future years.

## Dedicated operations role by revenue

Based on 491 responses



## Dedicated operations role by Customer Success team size



“Having an operations role focused on systematic practices and automation allows your team to perform the work they were hired to do, which is to deliver value to the customer. CS operations helps you do things right, so you can focus on doing the right things. That’s worth every penny and more.”

Alli Tiscornia, Chief Customer Officer, ChurnZero

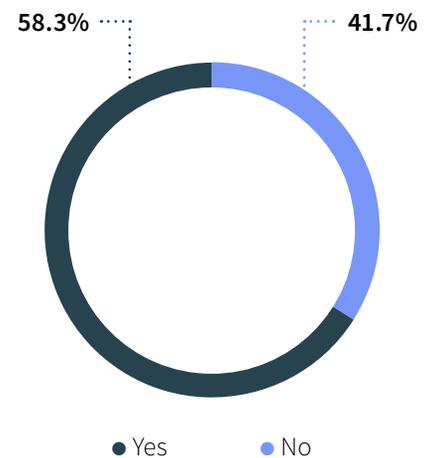
## Most companies now have a customer marketing function.

Specialized roles in customer marketing follow similar patterns to Customer Success operations, with 58.3% of respondents reporting that they have this function. Like Customer Success operations, representation becomes higher in companies with higher revenue, larger Customer Success teams, and Customer Success technology platforms.

71.0% of respondents who have a customer marketing role have that role reporting to the larger marketing organization, with only 6.9% having that role as part of the Customer Success department. These figures make the decline in Customer Success and marketing collaboration reported by respondents concerning as it could suggest the customer marketing function may not be getting the customer insights it needs to be effective.

The financial impact of marketing to your customers is clear. Respondents who report having NRR of 80.0% or less are the only segment in which the majority (61.0%) report not having a customer marketing role.

**Customer marketing role**

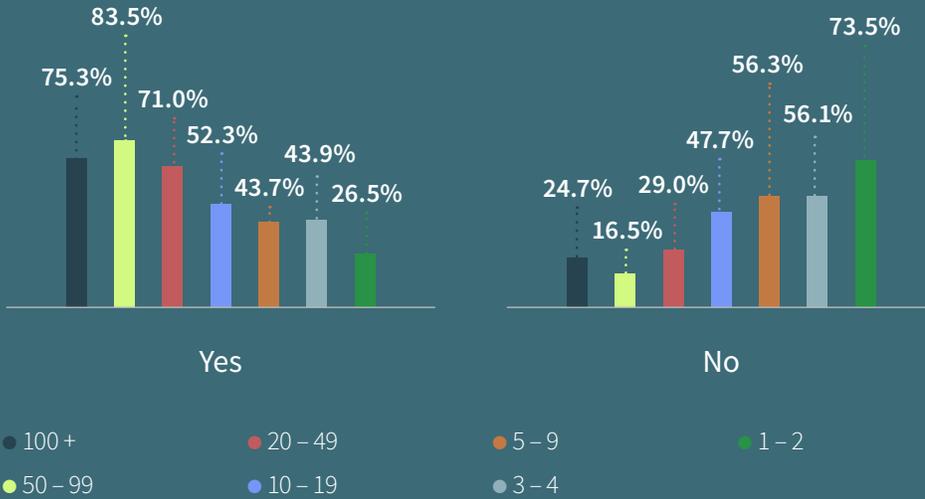


Customer marketing roles are now the norm.

A decorative graphic consisting of several concentric circles in a light teal color. Three colored dots (blue, orange, and red) are placed on the outermost circle at different positions.

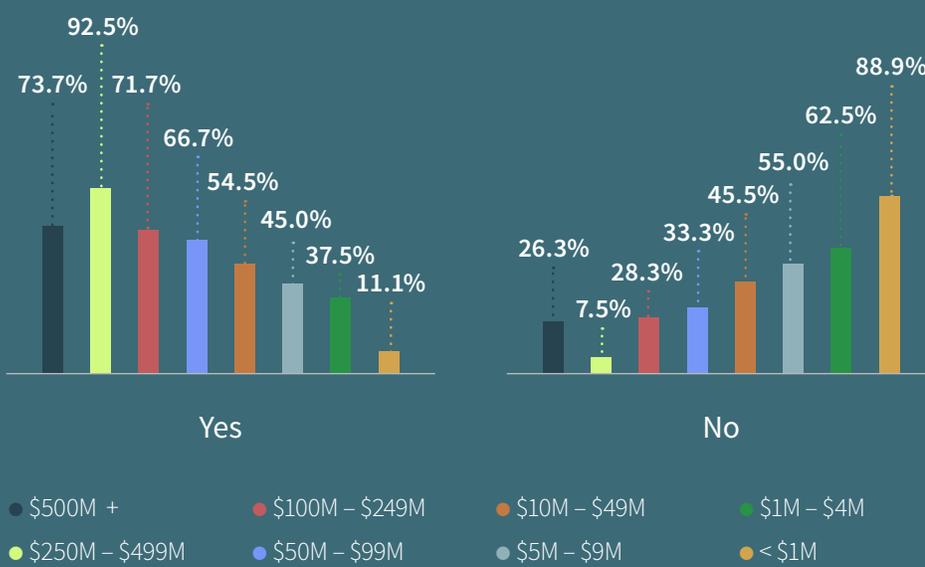
### Customer marketing role by CS team size

Based on 807 responses

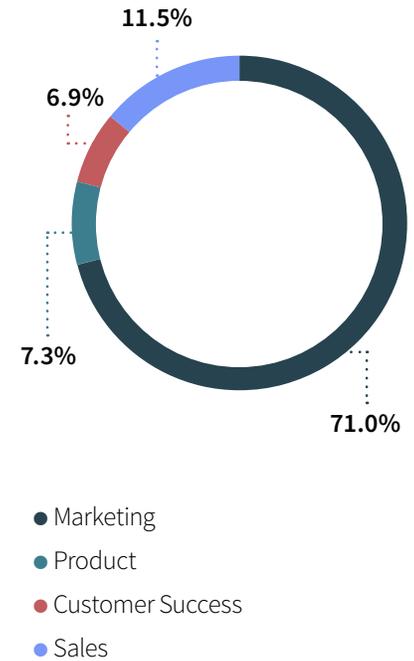


### Customer marketing role by revenue

Based on 491 responses



### Customer marketing role reporting structure



## NRR is the definitive Customer Success metric.

In past years, this study has reported on goals, strategies, and key areas of focus and improvement for Customer Success teams. This year, we began looking at how the success of those initiatives is measured with a new question asking respondents to rank the importance of industry metrics.

Net revenue retention (NRR), arguably the most critical Customer Success metric, comes in at the top of the list. NRR is the percentage of recurring revenue retained from existing customers over a given period (usually monthly or annually). It considers income from upgrades, cross-sales, downgrades, and cancellations. If your Customer Success organization is in the minority not using NRR as a key measurement, it's time to start. This metric's ability to connect Customer Success to revenue is critical, especially amidst today's economic uncertainty.

Since expansion revenue plays a key role in driving high NRR, it wasn't surprising that respondents with 111.0% + NRR were the only segment where expansion revenue was the second most frequently used metric. As NRR declines, expansion revenue is less often selected and prioritized.

Gross revenue retention (GRR), churn rate, and logo retention rate were closely clumped as the next set of metrics that Customer Success teams rely on. These are similar measurements (each with their own nuance, of course), and it stands to reason that companies might select one of the three to focus on. Expansion revenue fell near the middle of the pack of metrics, followed by closely clumped health scores, customer lifetime value (CLV), and Net Promoter Score (NPS). Earned growth rate, which measures revenue growth generated by returning customers and their referrals, was ranked as the least important metric to Customer Success organizations this year. However, measuring earned growth rate is an emerging trend among high-maturity companies, so it's something to keep an eye on for the future.



### How Customer Success teams measure success

1. Net revenue retention
2. Gross revenue retention
3. Churn rate
4. Logo retention rate
5. Expansion revenue
6. Health scores
7. Customer lifetime value
8. Net Promoter Score
9. Earned growth rate

Customer Success leaders in almost every revenue band reported NRR as the most important metric to gauge success, largely followed by renewal rate. Respondents from businesses with less than \$1 million in revenue predominately selected churn rate and NPS as their top metrics.

NPS was one of the least selected and lowest ranked metrics for measuring success among all revenue segments. This is a positive sign that CS teams are maturing from operating as one-dimensional “happiness teams,” reliant on customer sentiment, into revenue-driven teams focused on adoption and results.

### Success measurement by revenue

|   | \$500M +            | \$250M –<br>\$499M  | \$100M –<br>\$249M  | \$50M –<br>\$99M    | \$10M –<br>\$49M    | \$5M –<br>\$9M      | \$1M –<br>\$4M      | < \$1M              |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1 | NRR                 | Churn Rate          |
| 2 | GRR                 | GRR                 | Expansion Revenue   | GRR                 | GRR                 | Churn Rate          | Churn Rate          | NPS                 |
| 3 | Churn Rate          | CLV                 | GRR                 | Churn Rate          | Churn Rate          | GRR                 | GRR                 | NRR                 |
| 4 | Logo Retention Rate | Logo Retention Rate | CLV                 | Logo Retention Rate | Logo Retention Rate | Logo Retention Rate | Logo Retention Rate | GRR                 |
| 5 | NPS                 | Churn Rate          | Logo Retention Rate | Expansion Revenue   | Expansion Revenue   | Health Scores       | Expansion Revenue   | Health Scores       |
| 6 | CLV                 | Expansion Revenue   | Churn Rate          | CLV                 | Health Scores       | Expansion Revenue   | CLV                 | Logo Retention Rate |
| 7 | Health Scores       | Health Scores       | NPS                 | NPS                 | NPS                 | CLV                 | Health Scores       | Expansion Revenue   |
| 8 | Expansion Revenue   | NPS                 | Health Scores       | Health Scores       | CLV                 | NPS                 | NPS                 | CLV                 |
| 9 | Earned Growth Rate  |

## Measurement by NRR

|   | 111% +              | 101% – 110%         | 91% – 100%          | 81% – 90%           | < 80%               |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1 | NRR                 | NRR                 | NRR                 | NRR                 | Churn Rate          |
| 2 | Expansion Revenue   | Churn Rate          | Expansion Revenue   | GRR                 | Logo Retention Rate |
| 3 | GRR                 | GRR                 | Logo Retention Rate | Churn Rate          | NRR                 |
| 4 | Churn Rate          | Logo Retention Rate | Churn Rate          | CLV                 | GRR                 |
| 5 | Logo Retention Rate | Expansion Revenue   | Expansion Revenue   | Logo Retention Rate | CLV                 |
| 6 | Health Scores       | NPS                 | CLV                 | Expansion Revenue   | NPS                 |
| 7 | CLV                 | Health Scores       | Health Scores       | Health Scores       | Expansion Revenue   |
| 8 | NPS                 | CLV                 | NPS                 | NPS                 | Health Scores       |
| 9 | Earned Growth Rate  |

## CS strategies are maturing incrementally.

In our third year of asking respondents to share the implementation status of the same eight key strategies, we continue to see consistent incremental movement in nearly all categories towards a partially or fully implemented status. Even better, three of the eight categories of the last year including customer data tracking, segmentation, and dashboarding, saw significant progress over the course of the last year.

This year’s data shows a seven-point increase, from 41.8% to 48.8%, of respondents who have partially implemented standardized processes for tracking customer data in a system that all customer-facing roles have access to. With another 21.7% responding “fully implemented” to this question, most Customer Success teams have either partially or fully implemented this best practice.

The application of a consistent segmentation model across all business units has also increased. 30.7% of teams have fully implemented this critical foundational

strategy, up from 22.6% in 2021. The cross-functional benefits of this accomplishment should not be overlooked. By sharing consistent segmentation definitions across business units, Customer Success teams become more effective collaborators.

The third strategy that has seen major growth is making tailored dashboards available to executives, management, and individual contributors, providing easy access to critical information on customer health. The data here shows a six-point increase in respondents who have partially implemented this strategy, from 43.2% to 48.5%, and another five-point increase in those who have fully implemented it, from 14.8% to 19.9%. With a combined 11-point move toward implementation, this category demonstrates the most significant change from last year. By tailoring dashboards to the needs of different roles and seniority levels, these companies are empowering CS professionals at every level with ready access to relevant, actionable insights.

## Strategies implemented by status



- Fully implemented
- Partially implemented

- Not implemented but planned in the next 12 months
- Not implemented

# Section 4: Goals and aspirations

Key finding:

- CS teams want to improve processes and implement tools so they can be more efficient and scale

## What are the top priorities for Customer Success teams in the near future?

The open-ended response portion of this year’s survey asked respondents to share their top two to three priorities for the one to two years ahead. Answers mentioning process development or improvement were the most common responses, followed closely by improving operations and scalability (including implementing or optimizing systems and tools).

These top responses reinforce a theme seen throughout this year’s study: the importance of building the operational efficiency and consistency that will allow Customer Success to truly mature as an industry.

More traditional Customer Success priorities around expansion, growth, and retention rounded out the top one-third of responses. These were followed by team-centric priorities. Attracting, hiring, training, enabling, and retaining top CS talent remain close to the top of today’s CS leaders’ minds.

**Top priorities**

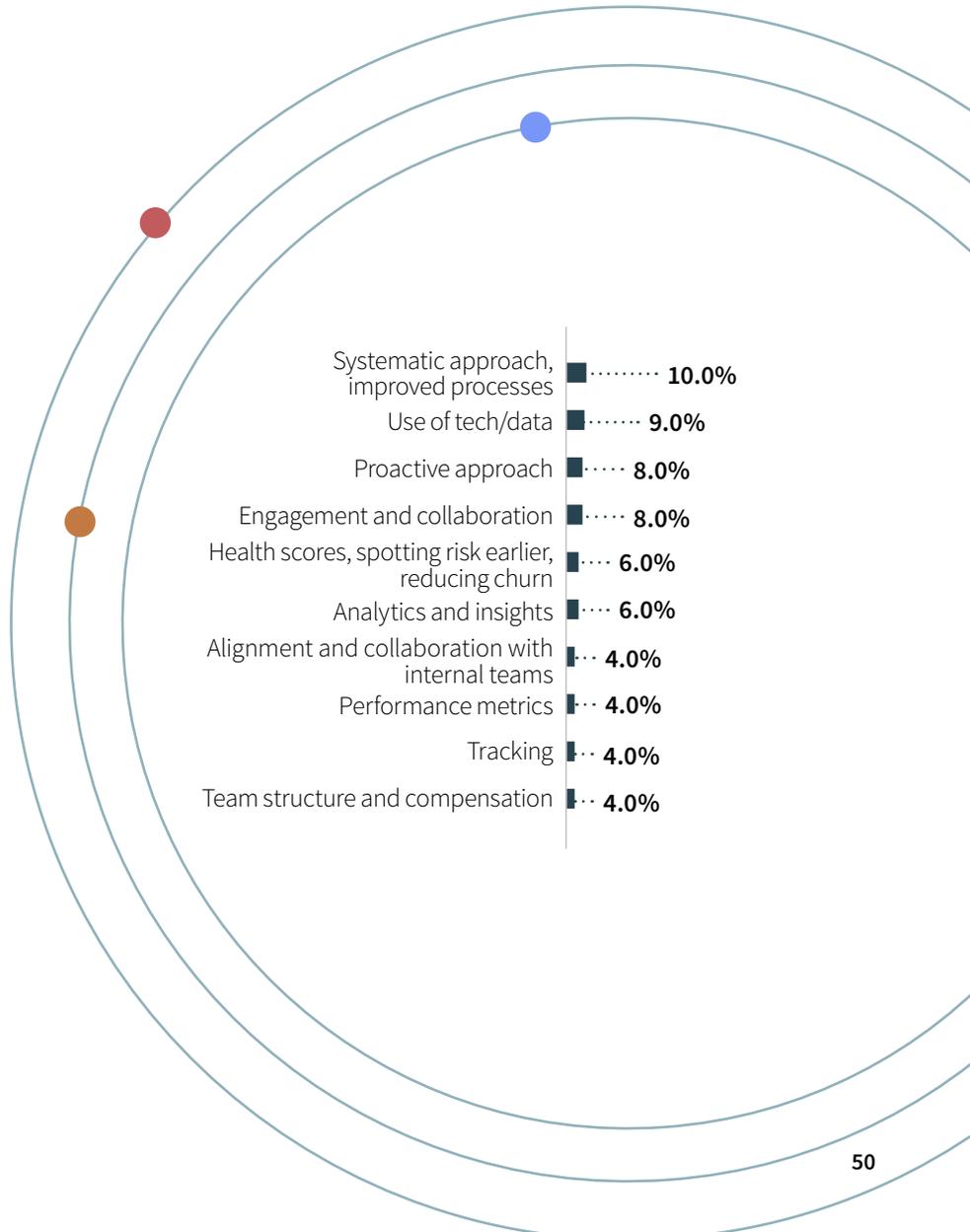


“Companies that personalize their customers’ experience retain and grow those partnerships at an outpaced rate over new customer acquisition. From an internal perspective, this translates to higher NRR. From a customer perspective, this means you are providing significant value to their organization. Customer intelligence, made up of technology, processes, data, and AI, is the path to personalization, and ultimately success for you, your customers, your employees and your company!”

Mary Poppen, Chief Strategy & Customer Officer, involve.ai

### What could be better?

We asked respondents if there is anything they wished they and their teams were doing better right now, in order to understand areas for improvement in their own words. The most common responses align with our other open-ended question on top priorities. CS leaders want to improve their team processes and be more proactive.



## Scale or stagnate: Customer Success approaches an inflection point

Amid the economic downturn and tech layoffs, Customer Success continues to grow in size, budget, influence, ownership, and contribution. This is no small feat given our current climate. Businesses are recognizing the value of investing in Customer Success and retention strategies as they deal with tightening budgets and declining new sales.

This welcome progress presents new yet familiar challenges. The biggest obstacle standing in the way of Customer Success becoming the most powerful department in the company is operationalization—namely that of strategy, alignment, and values.

Customer Success is approaching an inflection point. Teams must scale if they want to succeed, which cannot happen without systematic processes and automation.

There's plenty more work to be done in other areas, too. Customer Success teams need to staff themselves for their desired customer journeys, secure respectable budgets, improve cross-functional collaboration, and implement purpose-built technology to deliver data-driven decisions and results.

As this study shows, however, Customer Success is getting closer, inch by inch. Incremental improvement is nothing to scoff at—and Customer Success has momentum on its side.

### About ChurnZero

ChurnZero is a recognized leader in Customer Success dedicated to helping subscription businesses succeed at scale. The company is known for its powerful and intuitive Customer Success platform and ongoing partnership with its customers to ensure they get everything they need to improve efficiency, increase revenue, and deliver the best possible customer experiences. For more information visit [churnzero.com](https://churnzero.com).

### About ESG

ESG delivers Customer Success as a Service® (SaaS), enabling technology companies to build, operationalize, and transform their CS organization. We're here to improve metrics and accomplish the ultimate goal of reduced churn and increased retention. Our services combine consultation, process development, people, and automation to increase the capabilities of Customer Success organizations. Learn more at [esgsuccess.com](https://esgsuccess.com).

### About Higher Logic Vanilla

Higher Logic Vanilla is the leading online community platform that enables growth-minded companies to move beyond transactional relationships with their customers. We empower you to build a more engaged and meaningful connection with your customers at scale. The Higher Logic platform combines the power of communities, Q&A, knowledge base, and ideation with robust integrations to increase retention, reduce the cost of support, and increase revenue. Higher Logic serves more than 3,000 customers, representing over 350,000 online communities with greater than 200 million users in more than 42 countries worldwide. Visit us at [higherlogic.com](https://higherlogic.com).

### About involve.ai

Stop flipping a coin to determine the health of your customers! Imagine a world where you don't have to troubleshoot. You don't have to wait and see. You don't have to guess. With involve.ai's Early Warning System, you can not only name the causes of churn, but you can predict customers who may churn and take action to salvage and restore the relationship before it's even in jeopardy. Now imagine the same applied to expansion. No more leaving money on the table with happy, referenceable customers. [involve.ai](https://involve.ai) provides the Customer Intelligence needed to put your customers at the center of your business. Click [here](#) for a complimentary copy of our book, "Goodbye, Churn. Hello, Growth!"