

# 10 New Laws of Customer Success



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## Success drives **evolution.**

Each original goal your organization achieves represents a new opportunity to expand your vision. For Gainsight, the purpose of facilitating the widespread adoption and championing of customer success is no different.

Over the last decade, Gainsight has helped companies prioritize, implement, and refine a philosophy into a practice of what it looks like to have a thriving customer success team and organization. Everything from adopting the ideology of CS to implementing its best practices evolved to meet the demands of each industry and individual customer. However, it is no longer just a mindset or principles to be adopted. It is an action, a practice that every organization within a company contributes to and endeavors in. The result is manifested in how each part of a company perfects the product or process to improve the customer adoption, experience, and overall use to attain their goals and outcomes. In the evolution of CS, the customer is the center of your business, and everyone is responsible for the customer's success.

It's been exciting and inspiring to witness, but we are nowhere near the end of our journey. Now it's time to take what we've learned and apply it to our future—one of exponential growth for everyone. Whether you're looking to learn how customer success can help your industry, implement a human-first CS model to your organization, or improve your existing processes, you must know the new Laws for CS.

In 2010, the venture capital firm, Bessemer Venture Partners, created a document that became known as the “Ten Laws of Cloud Computing,” which developed into the “Ten Laws of Customer Success.” It was not a practical guide in the sense that it instructed companies “how to” do the actions of customer success. Rather, it was a set of principles that any company wanting to achieve world-class recurring revenue status should strive for.

“...the Laws have evolved, like CS, and have matured along with the category and field.”

By 2015, Gainsight, still in its early years, realized the significance of the Laws and created an entire category of business around it. We released our version of the original Laws, [10 Laws of Customer Success](#), and published a book on it, *“CUSTOMER SUCCESS: How Innovative Companies Are Reducing Churn and Growing Recurring Revenue.”* It helped set the course for a brand new way of thinking about the customer relationship. It changed the course of the Software as a Service (SaaS) industry and the B2B world. But the Laws have evolved, like CS, and have matured along with the category and field.

## Shifts in Customer Success

**Three significant shifts created a need for a new outlook on CS.** It started with the customers themselves. As more companies in more industries adopted customer success, customer expectations elevated. The bare minimum is raised year after year. It is no longer enough to have a customer journey — you must have one catered to each individual. You must simultaneously consider their most urgent needs and their long-term goals.

Changes in customer demands altered the way that companies thought about their funnel. The traditional, linear lifecycle didn't make sense for today's customers. As we'll talk about it later, a sale does not mean that you have a lifetime customer or even a customer who will stay for more than a single billing period. A linear engagement model or customer journey from Marketing to Sales to renewals fails quickly. Your team must constantly think about engagement strategies, repeatable playbooks, and expansion and renewal opportunities if you want to retain your customer base or scale your business.

The new model spurred companies to reimagine how they thought about general revenue and growth opportunities. Rather than spending precious resources on finding new customers, organizations identified opportunities for growing existing customers. The focus changed from simply reducing churn to expansion. As a result, Net Revenue Retention (NRR) emerged as the key indicator for successful companies.

With changes to customer needs, operational philosophy, and growth standards, it makes sense that the past Laws won't apply perfectly. While the core of the Laws remains, each has evolved to fit the demands of today and tomorrow.

Let's start by reviewing the first iteration of CS Laws and see how they have evolved into today's Laws.

# Old Laws

1.

Customer success is a top-down **company-wide commitment**.

2.

Sell to the **right** customer.

3.

The natural tendency for customers is **towards churn**.

4.

The expectation of your customers is for you to make them wildly successful.

5.

Relentlessly **monitor and manage** customer health.

6.

You can **no longer** build loyalty through personal relationships.

7.

**Product** must be priority #1.

8.

Obsessively **improve time to value**.

9.

Deeply **understand** the details of churn and retention.

10.

Customer success teams **must** be metrics-driven.

# New Laws

1.

Build **Customer success** into your core.

2.

Create an **integrated journey** from Sales to CS.

3.

Constantly **drive more value** or expect churn.

4.

Customer success takes **commitment** from the customer too.

5.

**Invest** in customer success operations.

6.

**Operationalize** sponsor changes.

7.

**Product teams** and customer success teams should be BFFs.

8.

Leverage product to accelerate **time to value**.

9.

Deeply understand **Net Revenue Retention**.

10.

Customer success must be **metrics-driven**.

## Nothing in the new Laws should be a surprise.

Hopefully, they solidify ideas you've already had or a gut feeling you haven't found the right words for. We aim to explain what these new Laws mean for your organization, why they're imperative now, and provide the next steps for you to create a human-first CS team that drives your new vision for success.

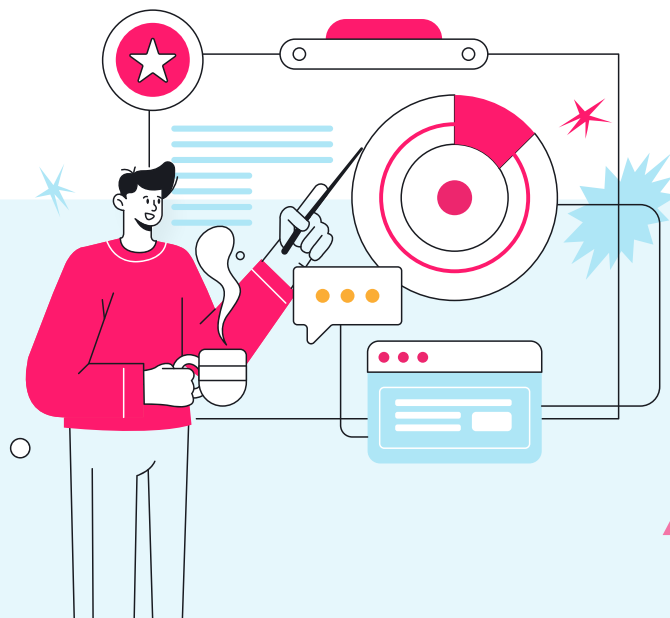
# New Law #1

## Build Customer Success Into Your Core

Most businesses that built customer success teams early did so in real-time. Often, leadership identified unsustainable churn numbers and tasked one of their existing departments with finding a solution. While there might have been support for customer success teams, the business did not start with that mindset. As a result, they suffered huge losses before they prioritized the customer-first approach.

In today's world, your entire operations must revolve around customer success. The idea that you can figure out a solution later is not enough. Certainly not enough for your customers, and not even for your team. One executive from one of the top 100 tech companies even went so far as to disqualify companies from their job search that didn't prioritize customer success. The individual told our CEO, Nick Mehta, that when she started her CCO job search, a position she could have anywhere she wanted, one criterion would disqualify companies immediately if they reached out to her.

She said, "When I started my CCO search, I knew I only wanted to talk to CEOs who really take their clients seriously. So, if they buried Customer Success under the Sales leader, I didn't even take the meeting."



The risk of growing a company without a core understanding of and enthusiasm for customer success is too significant at this point. Companies are seeing more than **half of their revenue** come from current customers. That number continues to climb, especially when you remember that it can cost as much as five times to recruit a new customer than keep a current customer. Customer success is where your revenue is. In fact, according to a **2020 KeyBank SaaS Survey**, the new Customer Acquisition Cost (CAC) was \$1.60 versus \$.69 for Upsells and Expansions. That translates to a period of 2.4 years for new Logo CAC payback as opposed to a payback in the same year for Expansions and Upsells.

If you've outlined a growth plan without a human-first CS model, you need a new plan. Start by assessing your org chart. Is CS its own department, or is it buried under other departments? Is CS even a department, or do you refer to it as "Support"? If you don't have a defined CS department with a leader who is an active partner with other departments in your organization, reconsider your steps forward.

One major component to internalizing CS and making it fundamental to your company is to ensure all board meetings include conversations about CS, CS performance, and how CS drives revenue. Consistent visibility and communication to members will underscore the value and help convert any hesitant members about your new focus on the core driver: customer success.



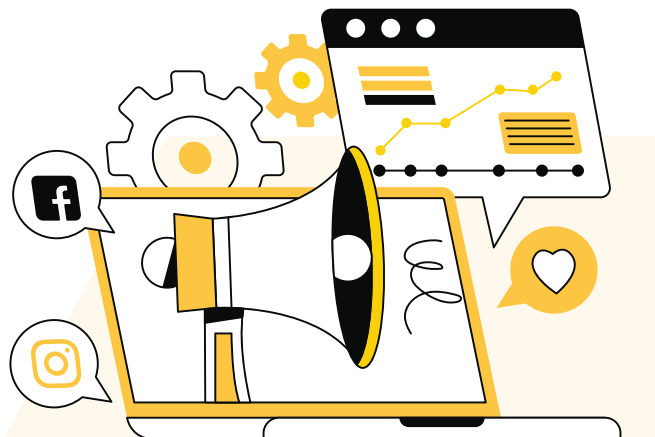
# New Law #2

## Create an Integrated Journey from Sales to CS

Earlier, we discussed the transformation from the traditional funnel model. There is an additional layer to this transformation we didn't discuss. Not only do companies need to think about how they continue to engage with customers post-sales, but they also need to share knowledge between departments so that they deliver outcomes, end-to-end, for their customers.

Consider the discovery call, for example. This presale conversation is intended to understand what the potential customer is currently struggling with and their goals for the future. The insights from this talk allow your Sales team to adjust the demo to highlight the most pertinent features for that specific group. If the notes from the discovery call are generic or incomplete, the potential for success in that demo suffers. Siloed knowledge hurts everyone.

In this new era of CS, shared knowledge rules. Just as Marketing and Sales Development Reps (SDRs) need to provide as much information as possible for the sales process to work, Sales must set CS up to deliver the desired and valuable outcomes to the customer. In truth, customers begin to evaluate their experience of your product immediately. If their first day with your product is spent reiterating information they've given to your team already, your value diminishes immediately.



**John Sabino** runs all post-sales at Splunk. One of the major frustrations he heard from customers highlighted this very common disconnect. When CS would start their onboarding process, they asked similar questions to those Sales asked previously. Sabino decided to reconfigure their processes from end-to-end to improve the customer experience and make his teams more efficient. He started using a tool to create what Splunk calls a Prescriptive Value Path. This “path” transforms the goals that the Sales team hears from their customers into a Success Plan that will uniquely set each of them up for success.

Now, when customers log into the product on their first day, they see a personalized pop-up that guides them through the most worthwhile features based on the goals they outlined earlier in the process. If, for example, a customer purchased Splunk for security reasons, they will see a different onboarding path than one that bought for operations assistance. Of course, all customers can access the entire product. However, Sabino and his team tailor the way they are onboarded to ensure each customer recognizes the value properly. As a result, he changed the way his team approached their processes to always lead with the customer’s goals in mind.

No matter what size your company is right now, you must adopt this same change in philosophy to foster an effective Customer Success model. Encourage your Sales team to push their calls towards deep insights rather than following a simple checklist. Make sure they understand the business goals, rather than just the kind of solution the potential customer is looking for. Similarly, push your Customer Success Managers (CSMs) to expand the Executive Business Reviews (EBRs) beyond the standard usage and performance metrics. Center the conversation on performance-based outcomes. Use those opportunities to foster adoption and expansion so that customers experience the significant growth they are after.

# New Law #3

## Constantly Drive More Value or Expect Churn

While customer experience certainly includes engagements with your team members, it often describes how your product is perceived. Customers want more and more value out of your product. Often, they get stuck after the initial onboarding. They find their daily workflow and then stop exploring the new ways your product can deliver value for them. Your team might also get stuck finding new ways to introduce customers to additional value. Either way, the result is unnecessary churn.

In this way, your product must act as a primary driver of value or risk becoming the primary driver of churn. **Jane Graham**, Vice President of Customer Success and Renewals at UKG, saw this first hand. She noticed that a majority of their revenue came from existing customers. Her CSMs transformed the way they engage with their customers from simple metrics conversations to revenue drivers. She said, “Our CSMs have evolved from simply tracking leads passed to establishing actual booking goals by team.” Meaning, it’s no longer good enough for CSMs to only identify and forward opportunities to Sales. They, too, can be held accountable and incentivized to attain sales goals. More importantly, she added that their average team revenue target is \$200,000 per year per CSM.

Rather than creating a single experience with your product led by predetermined engagements, create an experience based on what you learn about your customers and what they tell you matters to them. In other words, avoid churn by being customer-centric and human-first. Remember, there is always a human customer at the heart of every engagement.

This understanding is part of the reason why we're obsessed with Time To Value (TTV). Essentially, value is not a universal metric. Each customer will perceive your value differently, and therefore, requires unique timelines. For Gainsight, specifically, we reduced **our TTV by 66%** in three different phases based on feedback we received from our customers. The three phases or "buckets" included:

- **Implementing new best practices**
- **A phased methodology for onboarding**
- **Integrating more meaningful data for our end users**

While the details may have looked different for each customer, the strategies shared a similar foundation of these three pillars. The same is likely true for your customers.

Start talking to your customers about what is valuable to them and create strategies to help solve any TTV inefficiencies. Remember, it's not enough for your team to create the solutions that your customers need. You must also help them understand the value of your product and use it regularly. Features that are too hard to use (or worse, not introduced) aren't driving revenue for your company. In many cases, they are adding to your churn.

Avoid unnecessary loss with playbooks explicitly designed to improve your TTV metrics and support your CSMs as they execute them regularly.

# New Law #4

## Customer Success Takes Commitment from the Customer Too

Similar to the previous law, the fourth new Law of Customer Success is an evolution. Previously, we explained that the expectation of the customer is for you to make them wildly successful. That expectation may be a metric they want to accomplish through the use of your product or an **ROI standard** you must meet for them to continue as a customer. In both cases, the onus is on the performance of your product.

### You probably know exactly where this is going.

The problem in this scenario is the lack of commitment from your customers. Of course, purchasing your product requires a certain level of commitment, but it's not enough to understand the full value of your product. Even if it is exactly what they need to accomplish their goals, it won't meet their expectations if they don't use it correctly.



We help our customers mitigate this problem with Mutual Success Plans. Similar to Verified Outcomes, Mutual Success Plans are an agreement between you and your customers about goals and the strategy to obtain them. Agreeing on the strategy is critical for Mutual Success Plans to work. The strategic outline helps create a proactive process of how you will reach success together. In this way, accountability is shared.

The team at Klaviyo, led by the VP Global Customer Success and Support, [Kate Walsh](#), built a model where the customers and her CS team work together to define what each needs to do to reach their goals on day one. That means, in the sales calls, her team is outlining what commitments each side is making to each other to ensure long-term value and growth.

What's more, the Mutual Success Plans make it easy to track progress and engage in meaningful conversations about that progress. Both the CSMs and the customers can proactively communicate obstacles or unexpected wins that affect the original strategy. Rather than seeing your product as one in a myriad of tools they use every day, you are recast as a partner in their success. They are committed to the success of your product in their business, in part because it means they are attaining success.



# New Law #5

## Invest in Customer Success Operations

The evolution from CSMs to a comprehensive CS Operations team is a natural one. As we've discussed, the concept of customer success evolved to include much more than reducing churn. In today's most successful organizations, customer success contributes to marketing strategy, helps drive sales, and collaborates with Product to optimize features. All of those motions are too much for your CSMs to manage and execute while focusing on your customer base. Instead, you need an operational team to take these big-picture ideas, transform them into strategic actions, and apply them to your organization.

Earlier this year, we [conducted a survey](#), which identified Operations as the single most significant investment area for companies. Part of that investment needs to be in CS Ops. Consider the cyclical nature of the new funnel. Marketing to current customers returns more revenue than new customers, and CS and Sales work hand-in-hand to drive expansion. This new dynamic requires intentional time and strategy from someone other than your CSMs. This is where CS Ops leaders come in. As [Jean Nairon](#), the Customer Ops Leader for PTC, said, "CS Ops is the backbone of CS driving efficiency."

These individuals can flag outstanding performance from customers to highlight in a case study. They can pull reporting that will show Sales which customers are primed for expansion. Importantly, CS Operations leaders can construct the systems and processes necessary to make these opportunities automatic and scalable. Rather than finding these opportunities by chance, your team will have a regular pipeline for growth, both in revenue and marketing assets.

As you start to map out your budget for the next year (and beyond), make sure that you're investing in CS Ops. Find the right people who can take your current CS processes and expand them to drive NRR.

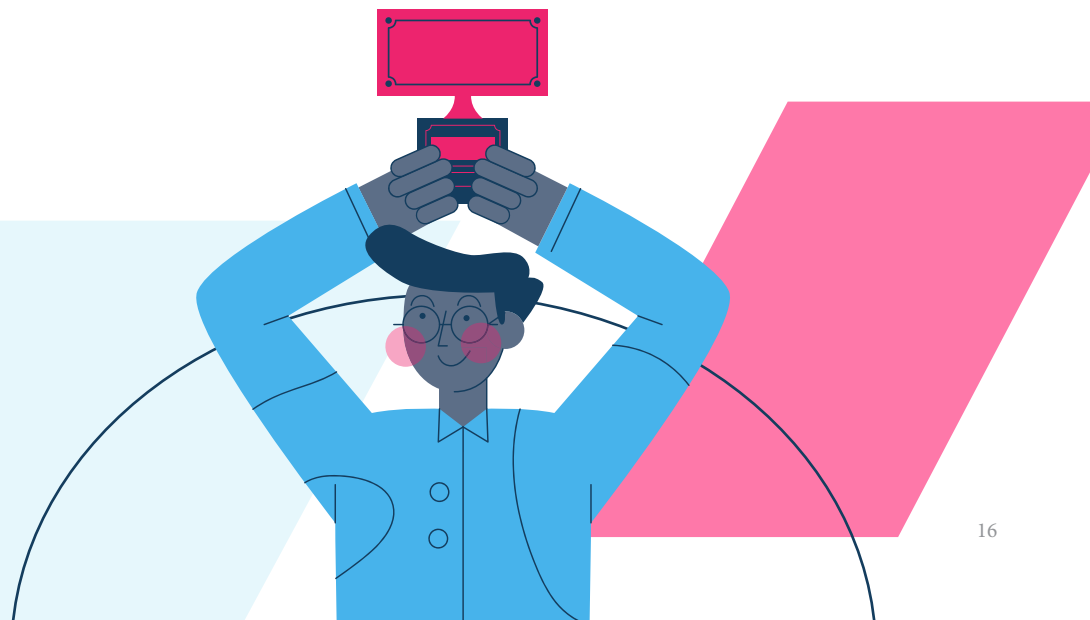
# New Law #6

## Operationalize Sponsor Changes

**Growth begets growth.** As you reach new goals, more is required of you. The result is often new talent, mergers, or acquisitions that bring varied ideas and experience to your team. This trend is especially vital for SaaS companies that need internal sponsors to champion their value. You cannot assume that your value will be immediately apparent to someone unfamiliar with your product or the latest hire who has fresh ideas for their team.

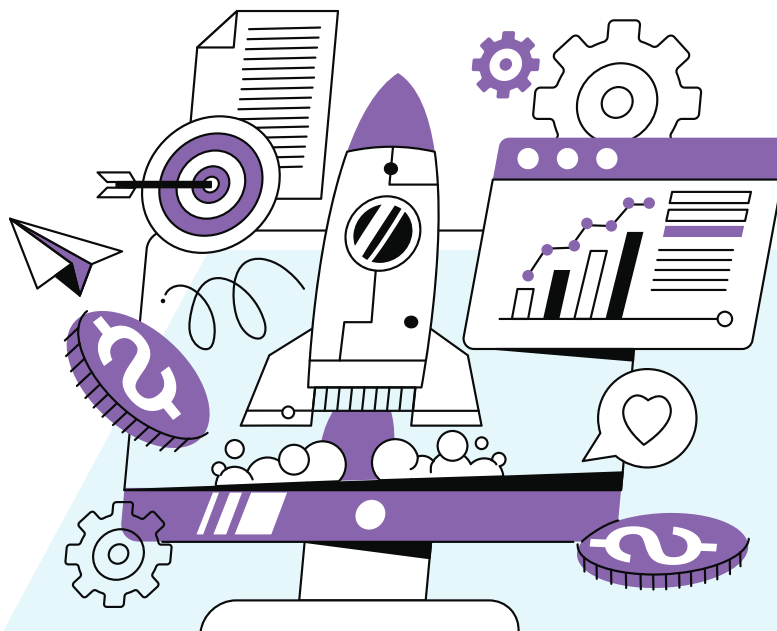
However, you can work to operationalize how you track sponsors and engage with new hires. Create playbooks specifically designed to identify new sponsors within your current customer base. Next, follow where old sponsors are going, and then maintain relationships with everyone to ensure your continued growth.

We know this is beneficial because it happened to us. [Megs Suratkal](#) used Gainsight at one of his previous companies many years ago. He loved our product. Over the next few years, however, Megs couldn't purchase our products at his new companies. We maintained a relationship with him. He was an insightful voice in CS. Plus, we liked him as a person. Then, as the Global Vice President of Customer Experience and Customer Success at Hewlett Packard Enterprise, Megs had both the resources and desire to purchase Gainsight for his new team.



The lasting impact our product had on Megs played a pivotal role in him choosing us, but it was also our commitment to the relationship that made us stand out consistently over the years. If we didn't have the procedures in place, along with the technology, to maintain our relationship in a personalized way, we might not have won this business. We wouldn't get the opportunity to work with Megs again, which would be the real loss.

Remember, your current customers account for over half of your annual revenue. Even if they switch roles or companies, their product experience and relationship with your team make the difference between new revenue and churn. Make sure that your team has a way to track the sponsors within each company, and arm them with the right engagement strategy to keep those relationships healthy.



# New Law #7

## Product and CS Should Be BFFs

Even 10 years ago, when we first started introducing CS as a concept, it was apparent that it wouldn't work if companies maintained the silos that existed in their organization. Everything from performance and customer knowledge to projects in process needs to be shared for companies to succeed.

Today, this idea still holds true, but it's even more essential for the Product and CS teams to work together like BFFs. CSMs are a wealth of information and **feedback** from the customers, including sponsors, executives, and end-users. They are in a prime position to speak about which features are exciting to customers, which are being used frequently, and which miss the mark based on customers' goals.

In turn, Product arms CS with the knowledge and training to make the customers successful. New rollouts always inspire dozens of questions from customers. Those questions are often too specific to their needs to be included in an FAQ or training webinar. Customers prefer to take their questions directly to their CSM, who is the person they have the strongest relationship with, and who understands their goals best.

Together, both teams form a partnership that drives usage, adoption, advocacy, and expansion for your business.

Once again, Product and CS can forge an organic relationship, but it's much more profitable for your team to operationalize the feedback loop somehow. Find a cadence that helps both teams track progress, share information, and collaborate on solutions based on customers' feedback. A point that leads us directly to the next law.

# New Law #8

## Leverage Product to Accelerate Time to Value

No matter how often a customer speaks to their CSM, the vast majority of their experience is shaped by their work in the product itself. The clock starts ticking on your product to prove value as soon as your customer logs in the first time. Often, the way to show its benefit is not through more phone calls, emails, or other human-touch interactions. Instead, the product itself can lead customers through each feature and provide beneficial onboarding.

At **Glassdoor**, the B2B arm executed a lot of one-to-one engagements that consumed their time and often didn't reach their intended recipient at the right time. Rather than continue to waste resources and efforts, **Christopher McNamara**, Senior Vice President of Sales and Customer Success, helped his team do more of the engagements in the product. Instead of spending time educating customers about new releases or features, CSMs could shift the conversations to the business values their customers achieved.

The digital-led CS model helped manage workloads for CSMs to make their team more efficient and focused on the right goals. It also adds value for customers who want strategic conversations with your team but immediate, in-app help from the product itself with their daily tasks.

Use your product to accelerate TTV for your customers and thus, increase NRR. Start by identifying playbooks that can be transformed into digital-led sequences. Find ways to combine both your human touchpoints and automatic in-app engagements for those more complex engagement strategies.

You should not aim to replace the necessary work of your CSMs, but rather see digital-led CS models as a supplement to their processes. It will drive expansion and provide your team with data-driven insights to constantly improve your processes.

# New Law #9

## Deeply Understand Net Revenue Retention

Let's talk about the bottom line, literally. Net Revenue Retention is the single most essential metric when it comes to both the current state of your business as well as its future. In SaaS, specifically, NRR is considered the top valuation driver.

In the past, we implored companies to understand both churn and retention deeply. Now, we realize that NRR encapsulates those points but adds more profound meaning to what they indicate. Essentially, NRR calculates the health of your customer base. It shows how much your existing customer base wants to spend with you next year compared to the amount of money they spent this year. As you are well aware by now, most revenue is coming from your existing customers. So, if you understand your NRR, you can confidently forecast your revenue for next year.

That explains why NRR drives valuation but is equally significant to track how you're currently serving your customers. Your NRR shows you more than just the number of customers you retain. It also helps illustrate how you are assisting customers to do more with your product. Successful teams use that information to help Product focus on the projects that work. They also inform your CS Ops team which strategies to expand to other customers while providing Marketing and Sales with stories that help fill your pipeline.

The main takeaway here is not that churn or retention metrics are obsolete. It's that the metrics are incomplete. They don't paint a sufficient picture for companies with customer success at the core of their business model. For that, you need a deep understanding of NRR, plus a strategic way to use it across your different organizations.

# New Law #10

## Customer Success Must Be Metrics-Driven

Our final law of CS speaks to the way customer success has evolved over the last 10 years. Of course, every new law speaks to the nuance that we now understand about customer success and how it impacts businesses across industries. However, this evolution highlights just how sophisticated customer success has become.

In the previous iteration of this list, we said CS teams must be metrics-driven. Without performance standards, it was easy to assume that businesses and leadership would entirely lose enthusiasm for customer success. Once customer success became a standard, we started developing ways to “[make it less squishy](#),” as Gainsight’s Chief Customer Officer, Kellie Capote, puts it.

She worked to define a standard of metrics for every Customer Success Operations team and created a best-in-class template of reporting performance to our Board. The data in her reports help underscore the operational excellence of the team and the rich insights we need to turn metrics into action. In short, Kellie quantified what we already knew to be true about the value of customer success and showed us the path towards the growth we’re all looking for.

Your team needs your own dedicated Kellie to keep you on track. And you need every other board member and executive to value the work that customer success accomplishes and the value they add to the very foundation of your company. Both are critical for growth in the future and meaningful collaboration between your teams now.

# Bonus Law #11

## CS Is Human-First

There is one final law that we need to highlight here. It's a central theme that ties together the original 10 Laws and each of the 10 new Laws of CS. You must stay human first. In all your operations, strategies, and playbooks, exceptional customer success practices boil down to the simple act of remembering that there is a human being on the other side of any interaction.

It is true of both the interactions that you have with your customers and in the way that they think about you. Your product would not exist without a team of smart, dedicated people. A dedication to customer success means that both sides prioritize the people they are talking to and approach each interaction thoughtfully.

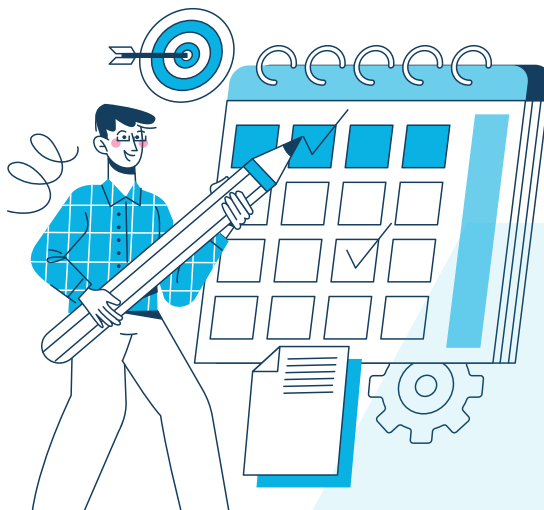
At Gainsight, we strive to prove that you can be wildly successful at business while still putting people first. That includes our customers, our coworkers, and ourselves. It drives everything from the products we develop to how we maintain relationships with anyone who enters the Gainsight universe. We have seen the positive results of this philosophy and hope that you do too.

As you and your team start to develop strategies based on these new Laws, remember that you're trying to help people, and they want to help you. Colleagues can suggest best practices that worked for them. Current customers can offer insights that you might not think of. Even previous customers can add helpful perspectives. Reach out to the people who helped you succeed this far and use their feedback to build a strong CS foundation to help you grow into the future. In the end, we must use every resource available to us to continue to progress and evolve along with the philosophy, the practice, and the field of customer success that has now found value and a permanent place in business.

# See How Gainsight Helps Implement the 10 New Laws of CS

No matter your size, you can start using the 10 New Laws of Customer Success today. Gainsight makes it simple for your CS teams to work more efficiently and improve your NRR.

**Schedule a demo** with our team to see exactly how we can help you reach your unique objectives.



## About Gainsight

Gainsight is the Customer Success company. Our best-in-class software platform helps your business grow faster by cutting churn, driving upsell, and fueling customer advocacy. With our product and data-based best practices, you'll communicate with customers more effectively, anticipate risk proactively, and transform your company around your customers' outcomes. Gainsight provides a 360-degree view of customers across Customer Success, Sales, Marketing, your executive team, and Product Management. Learn how leading companies like Adobe, Box, DocuSign, HP, Glassdoor, Marketo, and Workday use Gainsight to increase retention with provable results at [www.gainsight.com](http://www.gainsight.com).

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