

SaaStr Annual 2017: The Importance of Core Values and the CSM Psychology in Delivering Customer Success

An Overview by
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Earlier this month, I had the opportunity to attend the third SaaStr Annual, which was held in San Francisco's Bill Graham Civic Auditorium February 7 - 9, 2017. For the uninitiated, the SaaStr Annual is a three-day conference hosted by Venture Capitalist Jason Lemkin. The largest non-vendor Software-as-a-Service confab in the world, it unites the global SaaS community's entrepreneurs, investors, thought leaders, and operational experts.

This year, 10,000 conference participants engaged with more than 250 speakers as they delved into every aspect of a SaaS business, ranging from tactical tips on fundraising to the process of reinventing established companies. There are a number of reviews that provide summaries of the action on a stage-by-stage basis ([here's one](#)), but I will focus on two themes that consistently surfaced during the Customer Success sessions that I sat in on:

1. Customer Success Is the Customer-Facing Interface of a Company's Culture

On multiple occasions, speakers referenced the challenge and importance of communicating a company's values to their employees. Deliberately establishing and clearly stating a company's values ensures that independent teams are empowered to make decisions in the absence of explicit guidance. This is true first and foremost for Customer Success managers (CSMs), who independently speak, collaborate, and present to customers daily.

When asked, the Customer Success panelists were all transparent about the range of technology and metrics they use to enable their teams. The range of solutions was in stark contrast to the consistent theme of values communication, which was discussed in more detail and nuance by conference speakers. For example, Gusto's CEO Joshua Reeves and CXO Lexi Reese kicked off the panel "How To: NPS 75 with 40K Customers" by stating that Gusto is a 'customer-driven' company. Throughout their presentation, they emphasized Gusto's company-wide customer focus and how it serves as a guide for their activities and priorities. Gusto's values and culture are well defined, which makes it easy to communicate decisions and priorities to their CSMs. The CSMs are in turn empowered to communicate with customers on behalf of the company with confidence.

Gusto's leadership team was tasked with speaking about ways to boost NPS, but they did not mention a single metric or technology. Instead, they focused on how to identify core values by answering introspective questions (e.g., "What are your non-negotiables?"). Through this process, companies can zero in on what their priorities are, what they will fight for, and what they will give up, resulting in a values framework that can be understood by all employees. A shared understanding of these values solidifies the company's culture and results in a business that is aligned in its decision-making process, from the executive giving a conference keynote to the CSM speaking to a customer.

2. The Psychology of a Customer Success Manager Should Be Hired for and Supported

Another consistent theme was the critical importance of attracting, hiring, and nurturing CSMs that can communicate a company's business value. Chris O'Neill, Evernote's CEO, explained during his panel that his target candidate is likely not someone that works at Google, because the mindset of a successful person at a 50,000-person company is different from that of someone at a 500-person company.

Similarly, it takes a specific kind of person to be a successful CSM. CSMs interact with a wider range of people—both internal and external to their company—than nearly any other functional role. Internally, they sit at the intersection of Sales, Marketing, Product Management, and Support. Externally, they interact with a customer's end users, program managers, and beyond.

At the panel "How I Built Our First Functional Customer Success Organization," which featured the CCO of Double Dutch, the VP of Client Success at SalesLoft, and the VP of Customer Success at Showpad, the psychology of the CSM was discussed at length. The panelists agreed on the importance of hiring CSMs with the "Challenger" mindset, a reference to the questioning attitude that sales representatives are encouraged to have in the book "The Challenger Sale: Taking Control of the Customer Conversation" by Matthew Dixon and Brent Adamson. The core aspects of the Challenger mindset, namely being focused on client outcomes and highlighting product differentiation, apply just as well to CSMs as it does to sales representatives. Fostering this type of mindset creates a culture within Customer Success that encourages meaningful CSM engagement with clients. CSMs that embody the Challenger mindset ask questions to understand underlying problems, and unlock value for customers by helping to solve their business problems.

The panelists also noted how important it is to support CSMs through compensation plans that align with their day-to-day performance expectations. Specifically, they agreed that removing commission-based systems yields a customer-CSM relationship that does not hinge on a subsequent up- or cross-sale. Ultimately, a non-sales, KPI-driven compensation system enables the CSM to focus on how the product is used and adopted by the customer.

SaaStr Annual represents the nexus of the SaaS industry. The scale of industry veterans, thought leaders, entrepreneurs, and investors that converged on the event was impressive, inspiring, and really fun. If you have any questions about what was seen and heard at the conference, or want to discuss challenges you are encountering within your Customer Success initiatives, please feel free to contact me at dsherman@waterstonegroup.com.