2019

State of the Customer Success Industry and Salary Report

TOTANGO

Introduction

In today's Customer Centered Economy, a company-wide focus on the customer is key for enterprises looking to compete and win. Since Totango started surveying Customer Success professionals in 2013, the profession has grown exponentially, expanding beyond traditional job titles and taking on a larger strategic and financial role in an enterprise's business success.

Hundreds of Customer Success professionals have participated in Totango's State of Customer Success Industry and Salary Report over the past six years. This year close to 500 professionals and more than 10,000 data points were analyzed to:

- Provide valuable insights into trends in the Customer Success profession, including the unique challenges and goals of the industry

- Establish industry benchmarks for Customer Success compensation trends, growth and maturity of the role

The results of the survey demonstrate that although great strides have been made in the recognition and importance of Customer Success, with more and more companies prioritizing Customer Success initiatives, there is still room to provide more clarity, education and awareness about the Customer Success function within enterprises.

25%

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Participant Demographics

This year Customer Success professionals from all over the world participated in the 2019 State of Customer Succes Industry and Salary Survey with Americans (50%) making up half of survey respondents, followed by Europe (10.2%). Canada (6.8%) follows with the next highest concentration of Customer Success professionals who participated in the survey.

GEOGRAPHIC BREAKDOWN

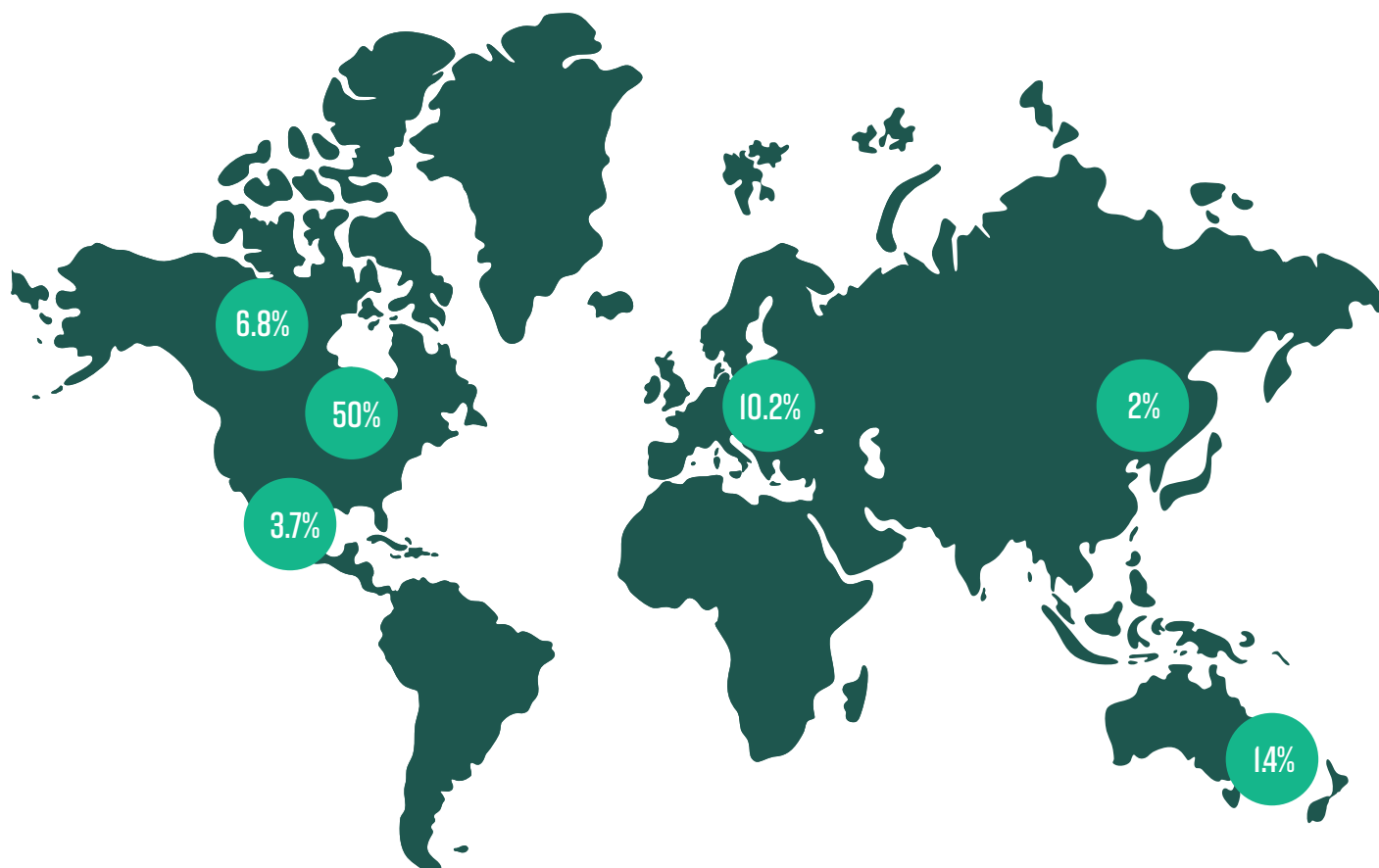**50%** in the US

10.2% in Europe

6.8% in Canada

3.7% in Central & South America

2% APAC

1.4% in Australia & New Zealand

0.9% in the Middle East

25% Unknown

6.8%

50%

3.7%

10.2%

2%

1.4%

02
Key Findings

- **Customer Success is going mainstream and no longer an organizational silo.** Over the last 6 years since Totango started surveying the Customer Success industry, momentum has grown—the responsibility for Customer Success has expanded beyond just the core Customer Success organization. Almost all (99%) of Customer Success teams work with other teams across the company.

- **Customer Success teams are growing in size alongside coverage models that scale to cover a broad base of customers.** Customer Success teams are expanding with nearly 55% of Customer Success teams consisting of more than 10 members. In 2018, more than 64% of respondents had more than 5 people in their team compared to 59% in 2016. Additionally, more than half (65%) of this year's respondents report that their Customer Success team has been in operation for over 3 years, and nearly a third (30%) have been in operation for over 5 years.

   As Customer Success becomes more established, with companies scaling teams, processes and technology, a larger proportion of the customer base is covered. As a result, the average account coverage per Customer Success Manager is increasing. The majority of Customer Success Managers (71%) manage between 16-200 accounts each.

- **More work needs to be done to enable a proactive approach to Customer Success.** Customer Success teams continue to prioritize reduction of churn, customer renewals and product adoption. However, operational issues including a reactive approach to customers, visibility into customer adoption and health, time management and focus remain top challenges. This sentiment has remained consistent since 2015. A majority of Customer Success professionals surveyed in 2019 consider a reactive approach to customers to be the #1 challenge they face in their day-to-day jobs (44%). Lack of visibility into customer adoption and health (39%), challenges in scaling the team (39%), prioritization and focus of tasks (39%), and company-wide organizational alignment (36%) round out the top 5 challenges.

- **Technology adoption still needs to mature to enable a Customer Success mindset, although digital transformation is imminent.** While there has been steady growth since 2018 in use of Customer Success platforms, an overwhelming majority of Customer Success teams are still using tools such as CRM, Microsoft Excel/Google Sheets and Help Desk/Support tools, signaling that companies are still not investing in appropriate technologies to help Customer Success teams achieve results. The majority of respondents think Customer Success should be the next function that goes through digital transformation - only 17% think other functions in the organization should be next.

- **Responsibility for revenue is growing across Customer Success teams.** Half of respondents say their Customer Success team is responsible for revenue targets (50%), which has remained flat compared to 2018 (52%); 49% said Customer Success is not responsible for revenue targets and a small percentage (1%) don't know if their Customer Success team is responsible.

   While opinions on revenue responsibility are divided, Customer Success departments continue to be tasked with generating revenue and impacting the bottom line. As a result, their compensation structures have evolved towards a commission or bonus structure directly tied to revenue generation.

- **Compensation structures have evolved, reflecting shift in revenue responsibility.** According to 64% of Customer Success professionals surveyed, their compensation structure included a type of bonus structure on top of their base salary. There has been an uptick since 2013 (7%) to include commission on renewals and upsells which has increased to 39% of respondents in 2019, an indication of Customer Success owning more revenue and the shift in compensation structures to include commissions reflecting that revenue responsibility.

- **Compensation structures are aligned with increasing importance of Customer Success.** In 2019, more than half (62%) of respondents report that their compensation has increased since the previous year, highlighting the increased importance of the Customer Success professional's responsibilities and career.

03
State of the Industry

The Customer Success industry continues to grow at a rapid pace, reinforcing the value it plays as a key function for business success.

Nearly a third of Customer Success teams report to the CEO in 2019 (27%), which is consistent with survey data from 2018 (33%), demonstrating the critical role of Customer Success in customer retention, growth and ultimately, business success.

Customer Success team reporting structures

2018
2019

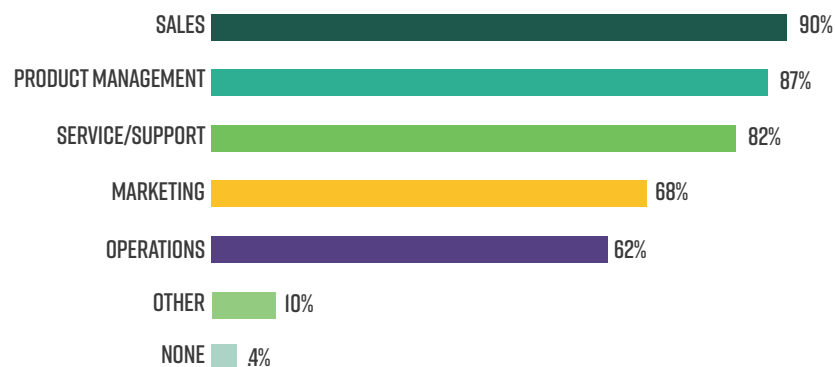|	CEO	COO	SERVICES/SUPPORT	SALES
2018	33%	16%	14%	14%
2019	27%	17%	15%	15%

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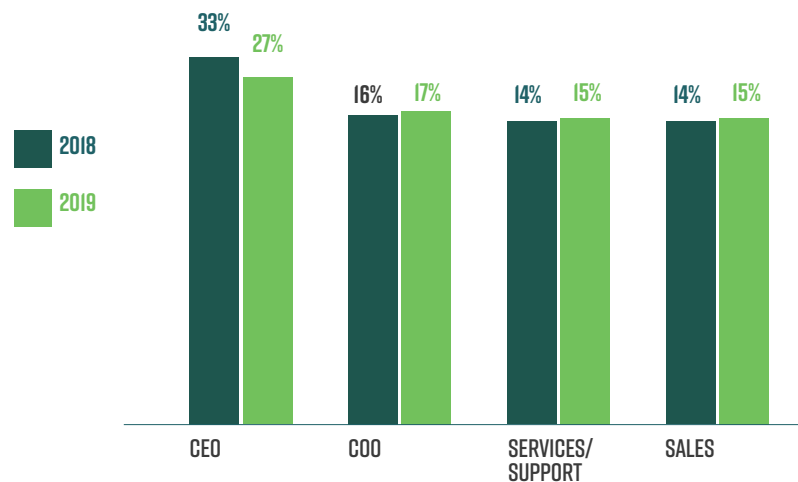
Survey findings show that Customer Success is no longer a silo; over the years responsibility for Customer Success has expanded beyond the core Customer Success organization. To be successful, enterprises must adopt a customer-centric mindset across the entire organization while democratizing access to customer data. While there is a fear that Customer Success teams are typically operating in silos, data shows that over 99% of Customer Success teams work with other teams across the company. Though the core Customer Success function will continue to stay with Customer Success teams, it's important to democratize customer data; Customer Success teams should continue to collaborate internally with other teams so that all employees have access to customer data.
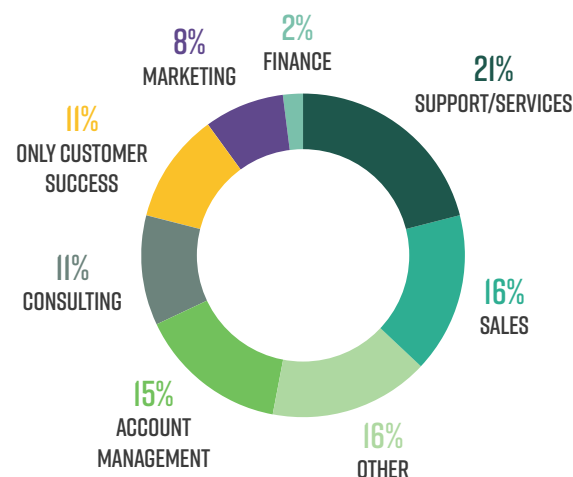
While roles such as CCO, VP of Customer Success, Director of Customer Success, and Customer Success Manager continue to exist, titles such as Business Development, Operations and Client Services are starting to contribute to organizations' Customer Success function. When asked which teams within the company the Customer Success team typically collaborates with, Sales (90%), Product Management (87%) and Service/Support (82%) were selected by respondents as the top three, followed by Marketing (68%) and Operations (62%). This mirrors what we found in our Customer Insights Report conducted earlier this year based on insights pulled from the Totango platform, which detailed an increasingly diverse base of job roles and titles actively participating in Customer Success.

Individuals entering the Customer Success profession come from a diverse background with Support/Services, Sales and Account Management reported by respondents as their primary job functions prior to Customer Success. Most notably, the number of Customer Success professionals who have only worked in Customer Success grew to 11%, a 38% increase from 2016 (8%), indicating that more entry-level Customer Success employees are starting and staying in the profession. This demonstrates the growth of the Customer Success industry and the central role it plays as a key function within companies.

Roles that Customer Success typically collaborates with

SALES	90%
PRODUCT MANAGEMENT	87%
SERVICE/SUPPORT	82%
MARKETING	68%
OPERATIONS	62%
OTHER	10%
NONE	4%

Those who came from a background other than Customer Success

- 8% MARKETING
- 2% FINANCE
- 21% SUPPORT/SERVICES
- 11% ONLY CUSTOMER SUCCESS
- 16% SALES
- 11% CONSULTING
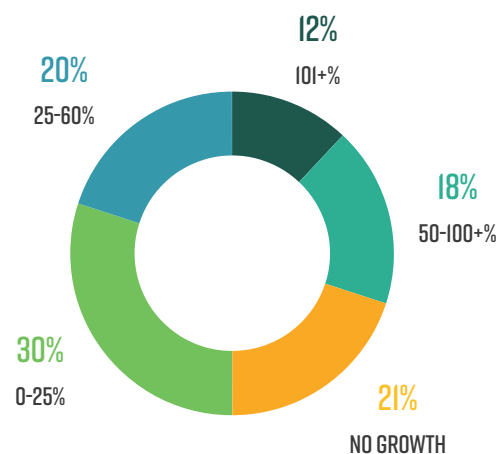- 15% ACCOUNT MANAGEMENT
- 16% OTHER

GROWTH

Growth of Customer Success teams continues to increase dramatically, confirming our findings from 2018 that the growth of the Customer Success function within organizations shows no sign of slowing down. According to this year's survey respondents, 55% of Customer Success teams consist of 10+ members. In 2018, more than 64% of respondents cited that they had more than 5 people in their team compared to 59% in 2016.

Additionally, the vast majority of Customer Success teams have grown in the last year (80%), and nearly 12% of them have more than doubled in size. The amount of enterprise Customer Success teams (those with 25+ members) have also increased to 27% this year from 16% in 2018, indicating the trend of more enterprises adopting and prioritizing Customer Success.

Size of Customer Success teams in 2019

Range	Percentage
0-9	45%
10-19	24%
20-29	7%
30-39	6%
40+	18%
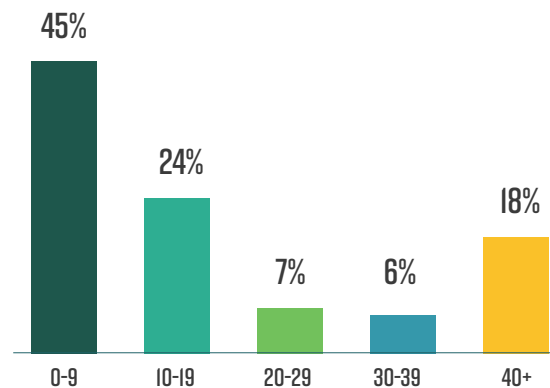
% growth in Customer Success teams size

| Category	Percentage
101+%	12%
50-100+%	18%
NO GROWTH	21%
0-25%	30%
25-60%	20%

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MATURITY

Customer Success organizations are continuing to mature and evolve

More than half (65%) of respondents report that their Customer Success team has been in operation for over 3 years, and nearly a third (29%) have been in operation for over 5 years. Additionally, teams that have been around for less than 1 year have dropped to less than 8% in 2019. Since 2014, the number of newly founded Customer Success organizations (those that have been in operation for less than a year) have decreased by 64%, indicating maturity of the profession and function within organizations.

## Number of years Customer Success teams have been in operation
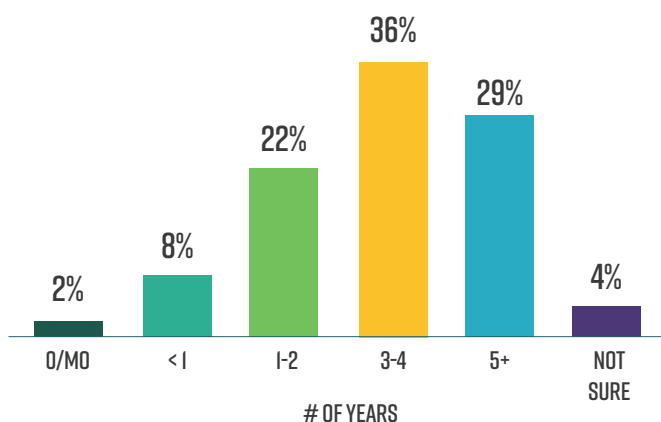
Number of teams in operation for 3+ years

In 2018, the number of teams in operation for 3+ years grew from 25% in 2016 to 42% in 2018. That number is now nearly 64%.
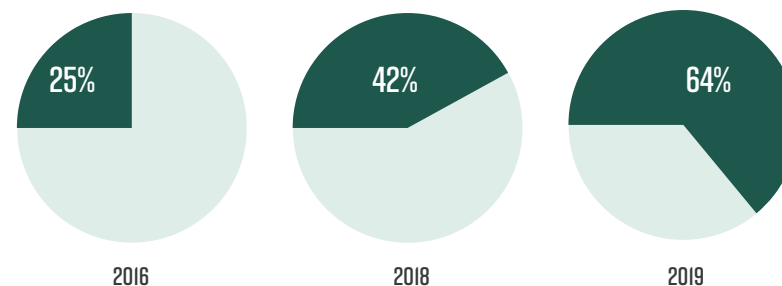

Number of teams in operation for less than 1 year

In 2014-2016, 22% of Customer Success teams were in operation less than 1 year. In 2018, that number fell over 40% to 13%.

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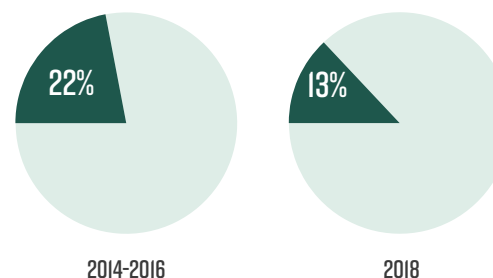
Turnover within the Customer Success profession remains fairly low, with over a quarter of teams (27%) reporting no turnover at all since 2018. This could be the result of an emphasis in training and retaining Customer Success employees across Customer Success organizations. This ultimately helps keep customer experience high for customers who benefit from a consistent Customer Success Manager contact over time.

% turnover in Customer Success teams

4%
51+%

11%
26-50%

27%
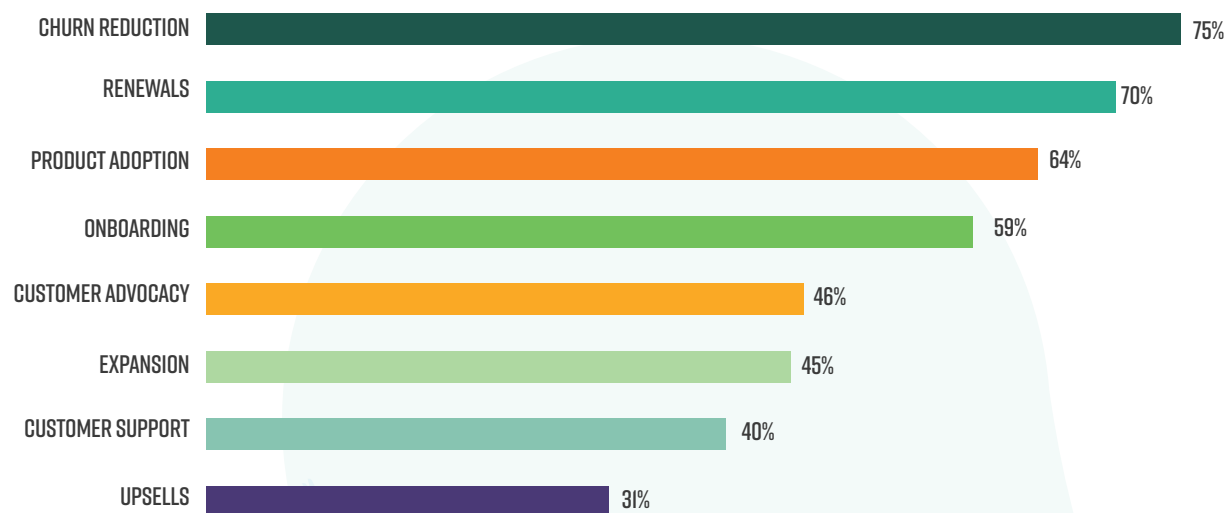NO TURNOVER

23%
11-25%

35%
1-10%
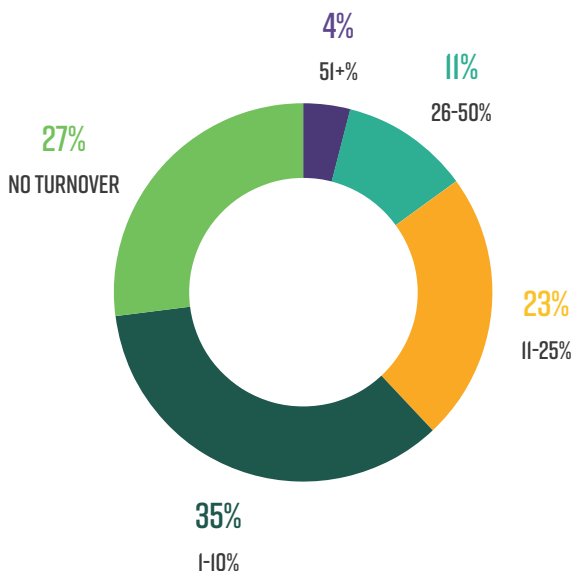
TOP CHALLENGES

Customer Success challenges have evolved over the years, but churn reduction, customer renewals and product adoption remain priorities

Our inaugural 2013 State of the Profession: Customer Success report found that lack of direction and lack of tools to manage customer information were the primary challenges for Customer Success professionals. The industry has evolved since as Customer Success organizations and Customer Success tools have matured. In 2014, Customer Success teams cited new challenges such as scaling or transitioning team processes. However, since 2015, operational issues including a reactive approach to customers, visibility into customer adoption and health as well as time management and focus remain top challenges for Customer Success teams as they continue to prioritize reduction of churn, customer renewals and product adoption.

Churn reduction continues to be a top priority for Customer Success teams in 2019 with over 75% of respondents noting it to be a high priority. This is consistent with previous years' surveys, dating back to 2014.

Challenge	Percentage
CHURN REDUCTION	75%
RENEWALS	70%
PRODUCT ADOPTION	64%
ONBOARDING	59%
CUSTOMER ADVOCACY	46%
EXPANSION	45%
CUSTOMER SUPPORT	40%
UPSELLS	31%

As the Customer Success mindset matures, a proactive approach to managing and engaging in the customer lifecycle is also a growing priority. A majority of Customer Success professionals surveyed in 2019 consider a reactive approach to customers to be the #1 challenge they face in their day-to-day jobs (44%). Lack of visibility into customer adoption and health (39%), challenges in scaling the team (39%), prioritization and focus of tasks (39%), and company-wide organizational alignment (36%) round out the top 5 challenges. These top challenges indicate that more teams have acknowledged the positive effects of a proactive approach to Customer Success (e.g., driving better customer relationships and higher mindshare) and although Customer Success professionals want to be proactive in their Customer Success approach, their lack of visibility into their customers results in a more reactive approach.

Customer Success Challenges

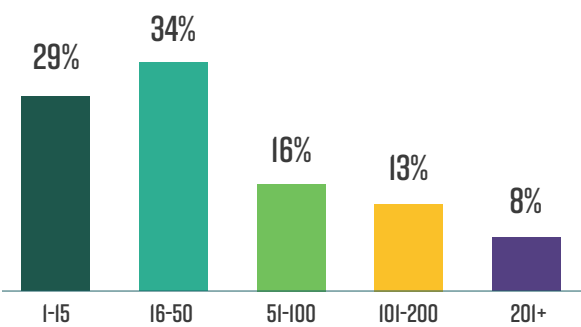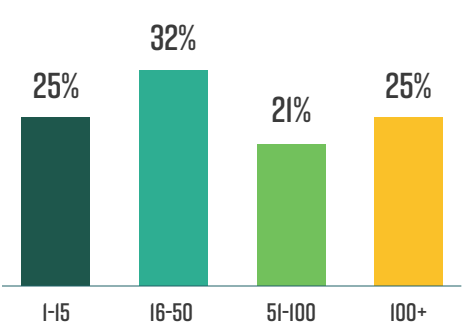| Challenge	Percentage
REACTIVE APPROACH TO CUSTOMERS	44%
VISIBILITY INTO CUSTOMER ADOPTION & HEALTH	39%
SCALING THE TEAM	39%
PRIORITIZATION AND FOCUS OF TASKS	39%
ORGANIZATIONAL ALIGNMENT	36%
CLARITY OF ROLES AND GOODS	32%
EXECUTIVE SUPPORT	21%
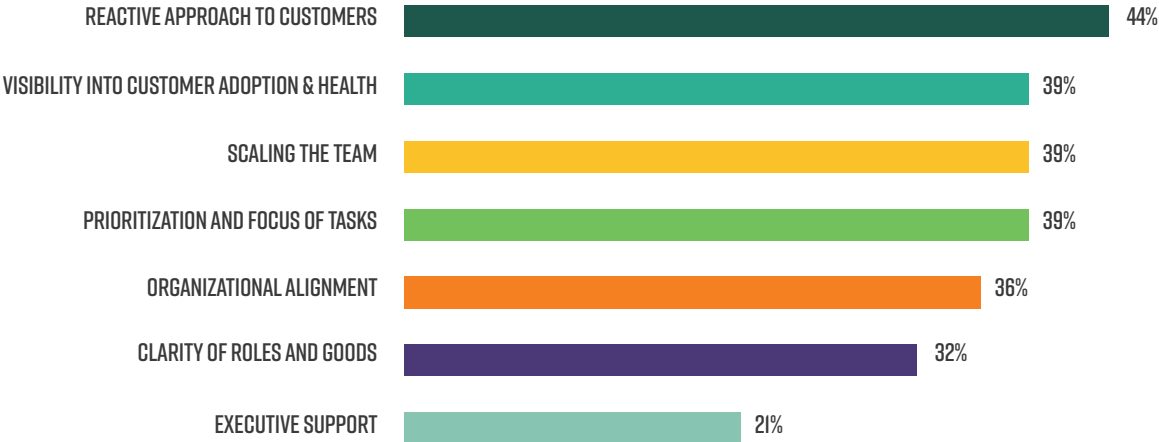
COVERAGE

A key cornerstone for Customer Success functionality is to expand coverage to include an organization's entire customer base and ensure each segment receives appropriate (e.g., targeted and contextually relevant) levels of Customer Success service. In the early phases of Customer Success maturity in an organization, enterprises typically focus on high touch customer segments due to the share of revenue that resides in those customers. However, as a customer-centric mindset matures, so has the acknowledgment that focusing on the customer means focusing on the entire customer base and not just the top of the pyramid. This survey shows that while nearly a third of the organizations surveyed have Customer Success Managers that are only working with 1-15 accounts each, the majority of organizations have parts of their teams managing between 16-200 accounts, indicating the growing trend of enabling more tech-touch capabilities to service their customer base.

# of accounts for the typical Customer Success Manager in 2019

Range	Percentage
1-15	29%
16-50	34%
51-100	16%
101-200	13%
201+	8%

#of accounts for the typical Customer Success Manager in 2018

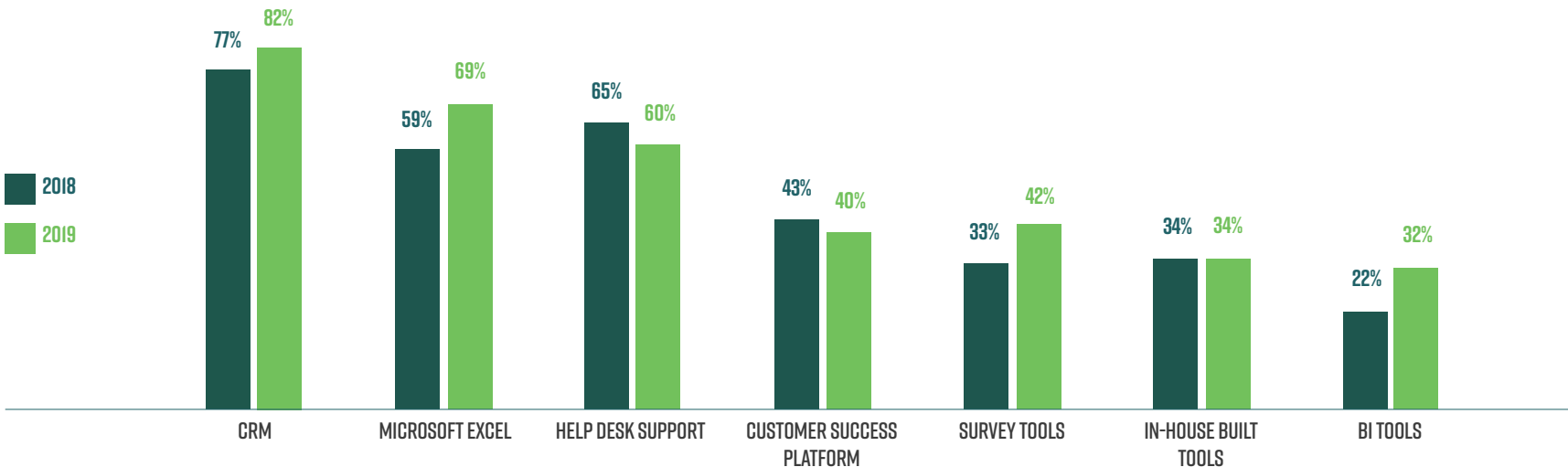| Range	Percentage
1-15	25%
16-50	32%
51-100	21%
100+	25%

DIGITAL TRANSFORMATION

Digital transformation of Customer Success is imminent

The majority of respondents think Customer Success should be the next function within their organization to undergo digital transformation - only 17% think other functions in the organization should be next.

The demand for digital transformation in Customer Success may be due in part to the lack of technologies available to automate and simplify Customer Success tasks. While there has been steady growth since 2018 in use of Customer Success platforms, an overwhelming majority of teams are still using tools such as CRM, Microsoft Excel/Google Sheets and Help Desk/ Support tools. This shows that companies are still not investing in appropriate technologies to enable their Customer Success teams to achieve results.

Tools used by Customer Success teams

Legend:
- 2018
- 2019

Tool	2018	2019
CRM	77%	82%
MICROSOFT EXCEL	59%	69%
HELP DESK SUPPORT	65%	60%
CUSTOMER SUCCESS PLATFORM	43%	40%
SURVEY TOOLS	33%	42%
IN-HOUSE BUILT TOOLS	34%	34%
BI TOOLS	22%	32%

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03
Salary Survey

Compensation structures have evolved as Customer Success salaries are more weighted on revenue-generating activities. Customer Success salaries have also increased as organizations continue to place a high value on the Customer Success professional's responsibilities and career. This continues to reinforce the importance of the Customer Success across companies.

Half of respondents say their Customer Success team is responsible for revenue targets. This sentiment has remained flat compared to 2018 (52%).

While opinions on revenue responsibility are divided, more Customer Success departments are beginning to be tasked with owning revenue and impacting the bottom line. As a result their compensation structures have evolved towards a commission or bonus structure directly tied to revenue generation. This is supported by data that shows that bonuses for Customer Success professionals surveyed are increasingly more weighted on revenue-generating activities such as renewals (52%) or upsells (31%) compared to NPS (19%).

Opinions on revenue responsibility are divided
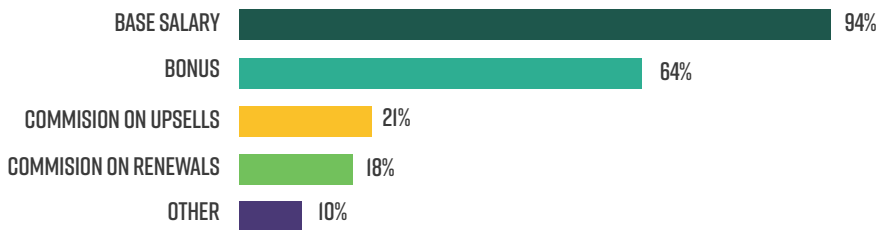
50%
YES

49%
NO

1%
I DON'T KNOW
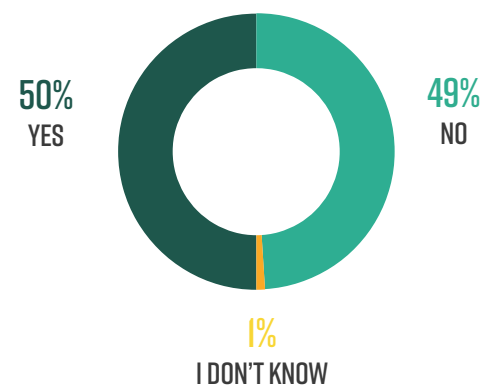
COMPENSATION STRUCTURE

According to 64% of Customer Success professionals surveyed, their compensation structure included a type of bonus structure on top of their base salary. This is similar to 2018 which saw nearly 68% of Customer Success professionals receiving a bonus on top of their base salary. However, this number has shifted since 2013 where 76% of professionals cited that they received bonuses on top of their base salary indicating a growing trend towards aligning Customer Success performance based compensation with revenue-generating activities such as commissions. There has been an uptick since 2013 (7%) to include commission on renewals and upsells which has increased to 39% of respondents in 2019.
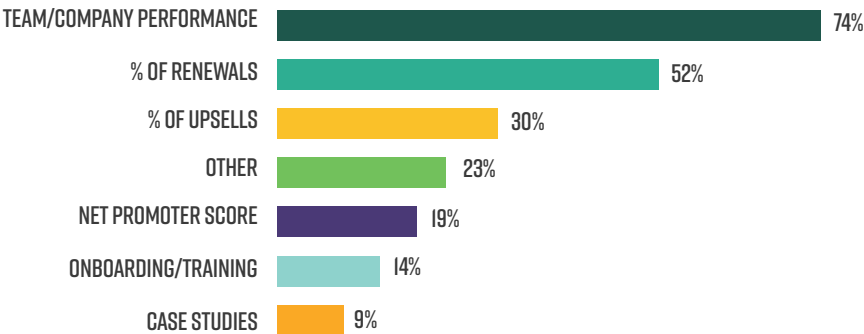
Bonuses for Customer Success professionals who were surveyed typically resulted from team/company performance (75%) or from commission through renewals (52%) and upsells (30%). These numbers are up from 2018 where 68% of Customer Success professionals reported a bonus structure in place.

Customer Success professionals' compensation structure

Of those who received a bonus in 2018, 18% of respondents reported renewal commissions and another 18% reported upsell commissions.

BASE SALARY	94%
BONUS	64%
COMMISION ON UPSELLS	21%
COMMISION ON RENEWALS	18%
OTHER	10%

Customer Success professionals' bonus structure

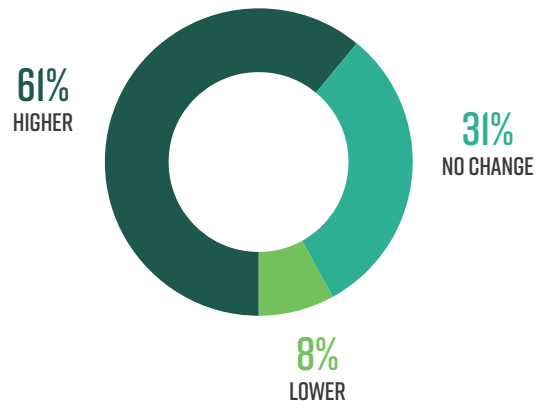|	
TEAM/COMPANY PERFORMANCE	74%
% OF RENEWALS	52%
% OF UPSELLS	30%
OTHER	23%
NET PROMOTER SCORE	19%
ONBOARDING/TRAINING	14%
CASE STUDIES	9%

Customer Success professionals experience an increase in salaries

In 2019, 61% of respondents reported that their compensation increased since the previous year, signaling that employers place a high value on the Customer Success professional's responsibilities and career. This also continues to reinforce the importance of the Customer Success (and by extension, customer centricity organization-wide) to business growth.
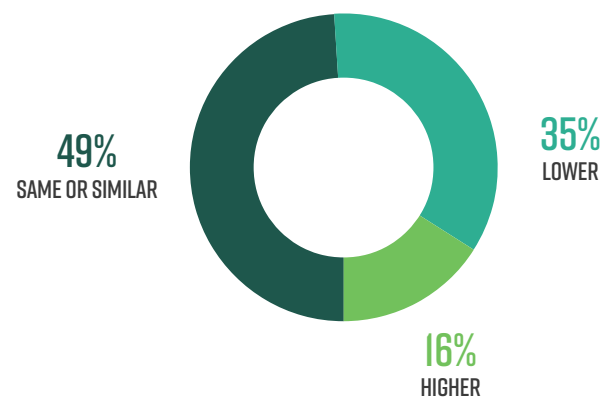
Overall salary results

$0-50K	10%
$50-75K	13%
$75-100K	16%
$100-125K	18%
$125-50K	13%
$150-175K	10%
$175K+	20%
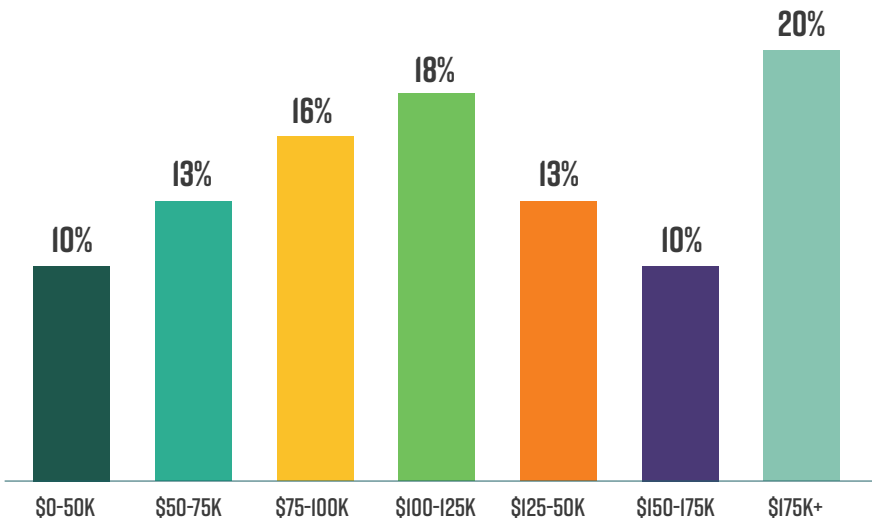
Compensation changes compared to 2018

61% HIGHER
31% NO CHANGE
8% LOWER

Compensation as compared to peers

49% SAME OR SIMILAR
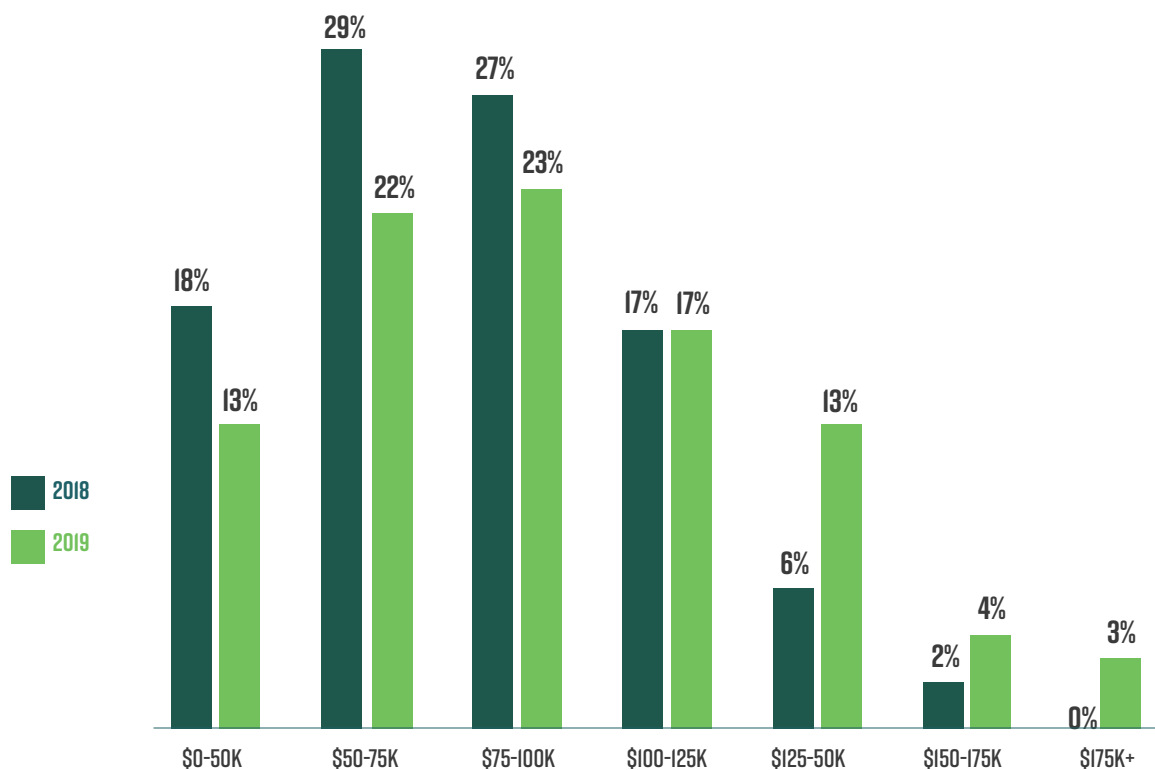35% LOWER
16% HIGHER

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COMPENSATION

CUSTOMER SUCCESS MANAGER

The average salary for a Customer Success Manager in 2019 is $86,000, up from $78,000 in 2018, and about 64% of Customer Success Managers today are making over $75,000 a 10% increase from 2018. Salaries overall remain high for Customer Success Managers and are continuing to grow at a healthy pace every year. This could be related to the growing demand for Customer Success Managers as more and more companies hire for this role. From a regional perspective, the average salary for Customer Success Managers in California is $121,000 while the average salary for Customer Success Managers in New York is $97,000 which also reflects the growing demand for Customer Success Managers in these metropolitan hubs.

2019 AVERAGE

$86,000

⬆ **10%** FROM 2018

Legend:
- 2018
- 2019

| Salary Range	2018	2019
$0-50K	18%	13%
$50-75K	29%	22%
$75-100K	27%	23%
$100-125K	17%	17%
$125-50K	6%	13%
$150-175K	2%	4%
$175K+	0%	3%

COMPENSATION

DIRECTOR OF CUSTOMER SUCCESS

Salaries as a whole remain high with over 80% of Directors making over $100,000 per year. The overall salary has also increased for Directors of Customer Success since 2018. In particular, the number of Directors making over $175,000 has more than doubled since last year; data shows that the number of Directors making less than $100,000 has decreased. The average salary for Directors has increased from more than $113,000 in 2018 to more than $126,000 in 2019. In California and New York, the average salary is higher at $157,000 and $148,000, respectively.

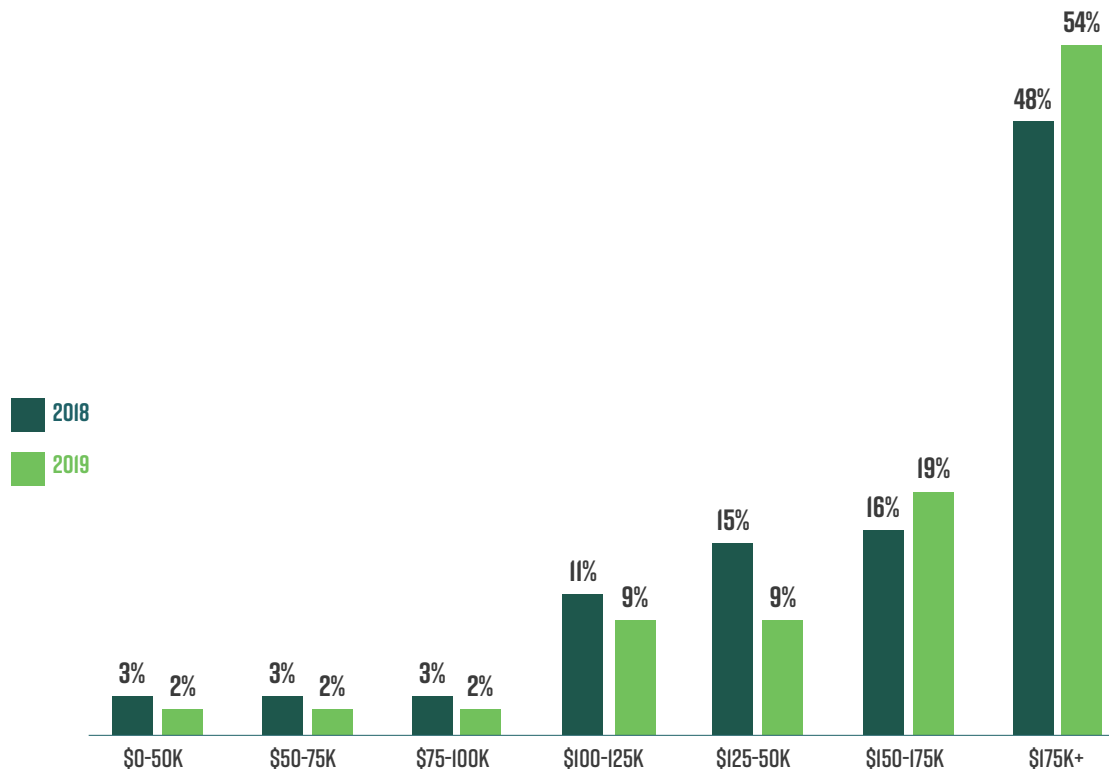2019 AVERAGE
$113,000
↑11% FROM 2018

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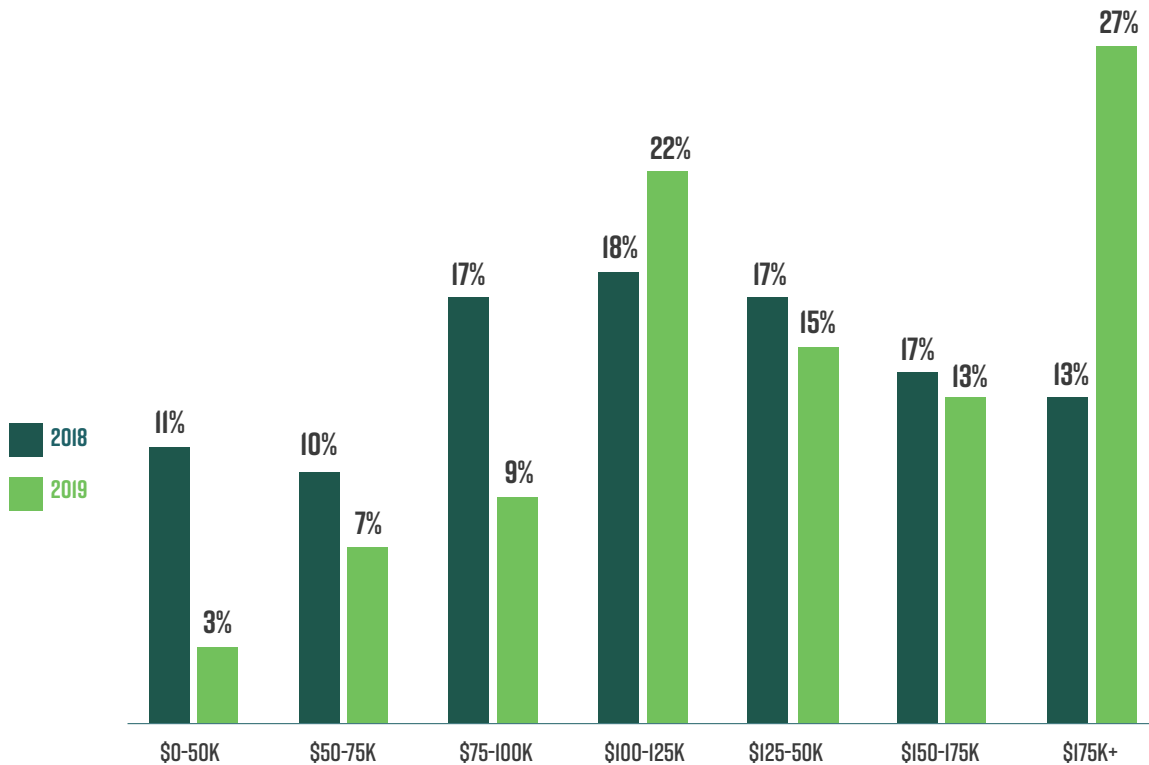
COMPENSATION

VP of Customer Success

More than half of respondents (54%) reported that VPs of Customer Success make over $175,000, an increase from 2018 where 48% percent of respondents reported this salary range for this role. The average salary for VPs of Customer Success has stayed relatively flat since 2018 (average salary of more than $148,000), with a consistent salary range of $150,000 to more than $175,000 annually. Every VP of Customer Success in California reported earning over $175,000, an increase from the $164,000 reported in 2018.

2019 AVERAGE

$151,000

⬆ **2%** FROM 2018

2018
2019

	$0-50K	$50-75K	$75-100K	$100-125K	$125-50K	$150-175K	$175K+
2018	3%	3%	3%	11%	15%	16%	48%
2019	2%	2%	2%	9%	9%	19%	54%

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Conclusion

Customer Success continues to mature as an industry with constant growth year-over-year. As the profession and the industry expands, we anticipate a rapid increase in both salaries and the size of Customer Success teams as more and more companies realize the role of Customer Success in business success. As enterprises in particular start recognizing the importance of customer-centricity across their entire organization, we expect significant growth in the number of large (10+ people) teams, and more variance in the roles and their accompanying salaries.

To successfully operationalize Customer Success, digital transformation is critical—organizations must invest in modern Customer Success platforms to equip their teams with an effective means to gather customer data and effectively connect the dots across the enterprise. Lastly, as Customer Success professionals gain more responsibility for business revenue, we predict an increasing shift in compensation structures with more Customer Success Managers receiving a bonus or commission tied to revenue, which will increase average Customer Success salaries across the board.

Learn more online: **totango.com**
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Email us: **hi@totango.com**
Speak to us: **1-800-634-1990**

Numbers in the report may not equate to 100 due to rounding.

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