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Customer Success
as a Service®

Whether you are in the early stages of developing a Customer Success team or revamping your existing CS efforts, you may find yourself wondering if outsourcing is right for your organization. There are many benefits of leaning on an experienced external partner, but the topic must be approached thoughtfully, keeping both your short and long-term goals in mind. At ESG, we talk a lot about how CS isn't just a buzzword, but a meaningful, proactive strategy for engaging your customers on multiple levels. Trusting another organization with these valuable, hard-won customer relationships requires a solid grasp on your needs as well as confidence, not just in the outsourcing provider, but in yourself.

Understanding what CS is and what it isn't

Before we dive into our list of the pros and cons of outsourcing, let's take a little step back. For some, Customer Success has mistakenly become a catch-all term for account management or support. But building a true CS organization means taking a comprehensive approach to customer relationships – one that radiates through your entire business from the ground up. Do CS right and you elevate the approach of every team, company-wide.

So, what is the 'right' way to 'do' CS? Let's start with what you shouldn't do. Customer Success is not a fancy term for customer support or customer service. I don't say that to downplay the importance of support – it's critical! But their role is to respond when customers are having issues; they put out fires and handle escalations in a reactive manner. Customer Success on the other hand, is all about being proactive – helping customers find the most value out of your product or service to (hopefully) avoid those high-stress support interactions in the first place.

CS is also not the same as Account Management. A focus on the opportunities for expansion with the customer – cross-sells, upsells, and renewals dominate their interactions. A Customer Success Manager's perspective should come from a different perspective altogether – the customer's point of view. CSMs consider your customer's goals and work to align what your business provides with what your customer needs. CS is about constructing a holistic strategy around those expanding and evolving needs.

It's easy to fall into the mindset that CS is about keeping your customers happy, but it's so much more than that. To build a scalable, long-standing CS organization, you need to weave it into every stage of the customer lifecycle. That way, your CSMs are there for your customers before your customers ever even need to reach out for help. Aligning CS to revenue is also essential to achieving a stable and productive CS organization. Not only do departmental growth targets back up the purpose of your team with cold, hard math, but they will sharpen your short and long-term CS KPI goals. Furthermore, you'll need to gain buy-in from leadership across the company so that everyone is on board and ready to reap the rewards of an integrated culture of Customer Success.

Exceptional CS is essential. 55% of global consumers have higher expectations than they did a year ago, according to Microsoft's Global State of Customer Service Report. With 67% of customers preferring proactive customer notifications and engagement, getting CS right is about more than jumping on the bandwagon. Navigating these waters takes knowledge, resources, and a real understanding of the value that proactive CS brings, both to your customers and your own business.

Once you have adopted a solid Customer Success philosophy for your business, it's time to build your organization. Whether you are at the very beginning of the process or you own the re-structuring or scaling of an existing program, you must now mold your CS philosophy into a flesh and blood team. There are a few different options available to you at this stage: designing your CS organization in-house, outsourcing all or part of it, or a combination of the two. There are many considerations to keep in mind no matter which path you choose. The trick is understanding the pros and cons of each and building a solution that's best for you.

Building your CS organization in-house

Depending on the size of your business and the resources you have in place to build or scale your CS team, an in-house solution could be right for you. Let's take a look at the advantages and disadvantages of assembling a CS organization on your own.

The Pros

Tribal knowledge
Your company culture, your goals, the lay of the land, every little thing about your product and how it improves the lives of your customers – your people have it. These employees have grown with you. They have a solid grasp of your vision for the future. You may have members of your support team who have already been serving your customers for years. Your killer sales reps understand your position in the marketplace and the best ways to communicate it to prospective buyers. Keeping CS in-house means all of this sacred tribal knowledge is already in place.

Control
When you assemble an in-house CS organization, you have complete control. You own every detail, every employee. You set the goals, the strategy, the budget, the processes, everything. This level of control empowers you with direct insight into each element. Keep in mind that with control comes accountability. If your CS organization doesn't live up to its promise, the responsibility inevitably falls on you, and likely you alone.

Ownership

When you consider investing in an outside solution, one of the first questions you should ask is what happens if we stop working together? Do you get to keep what you and your outsourced partner have built together? If you develop your own solution, you don't need to worry about who owns what. You don't need to wonder what happens to all your data or intelligence or documentation if you break up with your outsourced partner. You also never have to worry about the logistics of getting your information back under your own control. It's all yours, and it's always been yours.

The Cons

Tight labor market

Though it has become one of the fastest-growing jobs in recent years, good Customer Success Managers can be challenging to find. They are in high demand, so if you are looking to hire a team of experienced CSMs, it might take a while to build your team. Also, keep in mind that CSMs have a high attrition rate, according to TSIA's State of Customer Success 2019, up almost 20% year over year. Mismanaging your CSMs could mean losing them to your competition.

New training and philosophies

We've talked before about all the ways Account Managers and CSMs are different. If you're building your CS organization from your own employee pool, you'll need proper training and change management processes. Different employee backgrounds require distinct learning considerations. Support folks will likely need different coaching than former sales reps, for example. Also, know that cannibalizing staff from other internal organizations can leave vacuums in these other areas. Not to mention the potential for hurt feelings and the impacts they can have on office harmony.

Learning everything from scratch

Inefficiencies driven by learning what works and what doesn't on the fly can cause a new CS organization to crumble before it even begins. Without external assistance, you are responsible for engineering all the CS best practices from square one. From basics like customer segmentation all the way to complex intiatives like monetizing CS, the responsibility for formulating every step is resting on your shoulders. Developing a successful CS approach involves 17 key capabilities. The Customer Success Maturity Model is a framework for gauging where you fall on the path to a healthy, viable internal CS program. Whether you are starting from the beginning or somewhere along this scale, you should know where you stand if you want to implement your own CS capabilities in-house.

Spreading your CSMs too thin

A CS plan can fail before it even gets off the ground if your CSMs' bandwidth is mismanaged. For example, if you aren't correctly segmenting your customers, your CSMs could end up working too many accounts, leaving either a chunk of them to fall through the cracks or all of your customers getting a watered-down version of your best customer experience. You end up wasting your CSMs' time and talent and losing valuable customers all in one swoop. When customer experience falls short, 58% of customers don't hesitate to move on to your competition.

Outsourcing your CS organization

Working with an outside organization to meet your CS needs is a viable path for businesses that need to expand these services quickly and/or need guidance from experts who've been there before. 62% of technology support providers utilize outsourcers, according to [TSIA's Support Services Benchmark Survey](). Like anything else, this fast, cost-effective choice has both pros and cons that you should be aware of before making a decision.

The Pros

Cost savings
One of the biggest reasons to outsource is saving money. Hiring an in-house team involves [more than just paying salaries](). Employee benefits, ongoing training, software, even equipment and facilities add up quickly. The relatively high CSM turnover rates we mentioned earlier also factor into your costs. Working with an outside organization that has already invested in hiring, onboarding, and training can save you a lot.

Time savings
Experts who specialize in CS benefit from economies of scale. Because they operate in these channels at much larger capacities, they can deliver quality service in significantly less time than it would take to staff and train your own CS organization. Ramping up or scaling is much simpler because they have done all the legwork for you.

The time savings doesn't end at onboarding new employees. TSIA found that the average response time to customer issues is much faster when outsourcing (averaging 19.4 minutes versus 138!) in their benchmark survey. Microsoft's Customer Service report also found that the most important part of this experience for customers is getting an issue resolved in one interaction. Seasoned CSMs have the skillset to handle problems quickly and resolve them efficiently. Also, most importantly, they know how to turn these support-centered interactions into engagements that build upon the relationship, converting reactive communications into positive connections that grow over time.

Outsourcing the management of your team saves you time and opportunity costs. Without these daily tasks on your plate as a leader, you free up your time and attention to advocate for the adoption and expansion of your CS philosophy across the company.

Consistency
CS is all about the *customer*, right? One of the biggest reasons to have a CSM in charge of your customer's experience is to smooth out all the rough edges. This includes transitions between various points of contact within your organization. For example, customers get aggravated when they have to repeat the same information over and over again (32% of respondents to Microsoft's Customer Service Report said it is the *most* frustrating part of a bad experience). A good outsourced partner will have a robust pool of talent to ensure consistent customer experience, no matter the challenge. Because they've already hired and trained the best, employee turnover is less of an issue for them than for a fledgling enterprise. By outsourcing, you get access to this larger pool of talent.

Industry expertise
Perhaps the most important advantage of working with an external organization is gaining access to their depth of knowledge. Customer Success is still a relatively new concept, and everyone is attempting to discover the secret sauce of constructing a dynamic, thriving CS organization. If you have the right strategic CS partner, you have access to all this knowledge and more. You will benefit from their accumulation of lessons learned across a broad portfolio of businesses and industries who've faced the same challenges. Leveraging that experience will give you a leg up as you launch a thriving CS culture and practice of your own.

The Cons

Trust
Establishing trust with an external organization can be hard. You need to have confidence in their ability to take on a vital element of your business and make it grow. Finding a partner who is passionate about nurturing customer relationships, who is reliable, and has established tried-and-true methodologies for CS may feel like an impossible task. Outsourcing means doing your homework and finding an ally who can deliver on their promise of implementing the absolute best CS organization for you.

Loss of control
If you feel the need to have a hand in every daily detail of running your CS department, an outsourced team might not be right for you. No matter how close you are with your CS partner, there will always be some level of separation between you and an outsourced CSM team. If you need a very high level of control over your CS efforts, this will become a disadvantage to collaborating with an outside expert.

Accountability
Of course, outsourcing does not relieve you of all responsibility. Day-to-day tasks may fall to your partner, but you still need to own that relationship and will remain accountable for it internally. A key point of contact will manage your greater CS targets, advocate for cross-departmental CS strategy, and circulate CS data so other departments can benefit from their elevated insight.

Management style
An outsourced team and an in-house team are very different beasts. Each has its own particular needs. A manager with experience running a team directly beneath them could end up struggling to manage an outsourced partner.

One size doesn't always fit all
An off-the-shelf solution isn't necessarily going to fit your organization's unique needs. Ask any potential CS partners if they have demonstrated results in your industry, with businesses like yours, or if they have options for customization. A static approach to CS will not work in the long run, and outsourcers should have what it takes to be agile and adaptable in this evolving space.

How to identify the right solution for you

Wherever you fall on the spectrum of build versus buy, the value of a Customer Success organization cannot be overstated. The days of anyone believing that CS could be a short-lived fad are long gone. TSIA's 2019 State of Customer Success report shows that over 70% of organizations established CS as a dedicated function in their company, a rising trend within the last few years. However, that same study found that establishing and scaling CS organizations continues to be a challenge. Only half of all CS organizations have executed a customer journey map, and only 28% of companies have operationalized their customers' journey. While the importance of CS is now widely understood, few have the right experience and knowledge to put a plan into action.

ESG has developed Customer Success as a Service®, forming a comprehensive solution that fills in these industry knowledge gaps. There are benefits and downsides to both creating your own in-house solution and to outsourcing. Sharing the responsibility of building a CS organization with a skilled co-creator can mean the difference between flourishing and floundering in your efforts. Our aim is to empower you with tried-and-true CS methodologies, no matter how you decide to architect your CS framework.

Begin with an in-depth Customer Success Maturity Assessment to identify areas of strength and weakness in your current CS program. Deep dive into key elements of CS best practices to find out where you fall on the path to an effective, resilient CS organization. Then, you'll be armed with the knowledge you need to make big picture decisions that are best for you and your business. Consider ESG your ally in everything Customer Success.