Customer Success in SMBs

WITH SCOTT SALKIN

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Scott Salkin is SVP & GM, Gainsight Essentials at Gainsight. He is a seasoned entrepreneur, CEO, and senior B2B sales and marketing executive. Prior to joining Gainsight, Scott was the founder and CEO of Allbound, a B2B SaaS platform dedicated to helping businesses accelerate revenue through channel partners and ecosystems.

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Aznaur Midov (AM): Scott, thanks very much for joining the podcast. Maybe you could say a few words about yourself before we start.

Scott Salkin (SS): I'm the SVP and General Manager of a group called Gainsight Essentials as part of Gainsight. For those who aren't familiar with Gainsight itself, we've long been known as the Customer Success company: pioneered the space and helped grow the career, but these days, Customer Success has evolved too. It includes so much more – everything from how you engage with folks within your product, drive free trials and product line growth, to how you build advocacy for a community.

It's really about building modern growth retention for recurring revenue businesses. And with Essentials, the part of the business I run, we are trying to help earlier stage companies build growth retention to how they start scaling with Gainsight and how they build out strategies for Customer Success and product line growth, and community. We find that to be important for companies of any shape and size.

About me – I often tell folks that Gainsight is my first job. I've been an entrepreneur for most of my career. I've launched companies: a marketing agency I ran for about ten years, a SaaS company I ran for a while, and another company called Allbound. So I've been doing that and then had the opportunity to come over and join Gainsight. It has been an incredible adventure to be a part of this family now, and we have so much exciting stuff happening here.

AM: What was your experience with Customer Success before joining Gainsight?

SS: I remember back when I used to give talks, my agency and I used to ask the audience, "Raise your hand if you're in sales." You'd ask an entire room, and maybe a few people would raise their hand, and you can say, "Wrong answer. You're all in sales."

Now, I feel like that's Customer Success. You go into a room and talk to a bunch of entrepreneurs and their team, no matter what role they have in the organization; you say, "Hey, raise your hand if you're in Customer Success." And maybe you will see Customer Success Managers (CSM) raise their hands. And the truth is that everybody is in Customer Success; the CEO, the product team, the

sales team, the Customer Success team, and the human resources team; at Gainsght, we call it Team A Success.

Everyone is involved in Customer Success because the world revolves around the customer these days, with choices being so easy, moving vendors being so easy, with so much competition out there, and with easier than ever to start a SaaS company (so much venture funding out there).

So now that I look back on my own experience, I would say that back when I had my marketing agency, I was the head of Customer Success. And then, back when I started my SaaS company, I was the head of Customer Success. When I started that software company, I knew I could sell, I knew I could market and build a good marketing strategy, but I also knew that I couldn't afford to have a leaky bucket. I couldn't be out there closing deals, working as hard as I was, and then having customers churning or leaving me. So my first hire was a full-time director of Customer Success whose sole job was to help customers achieve value with our product right off the bat.

I was a big, big believer in Customer Success from the very get-go. And as I was launching that company, I knew Gainsight was just getting off the ground, too, and got to go to their conferences and met Nick Mehta (CEO of Gainsight). Their CMO at the time was Anthony Kennada. When I first did my first conference at Allbound (my last SaaS company), my keynote speaker then was Nick Mehta because I knew Customer Success

would be that important, and I wanted him to come out and talk.

AM: When do you think that shift has happened? When did people realize that it's an important role?

SS: You know, it's interesting now, having been in Gainsight for three years. You look back; Gainsight, the company, was only about a decade old. Customer Success used to be called account management and customer support and customer service, all these other things. So I think people have always realized that they need to provide some level of service and support to their customers. Still, I think as the world and every business started shifting to a digital-led motion and going through these transformations and building our recurring revenue models, they started realizing that this is much more than just being able to deliver support to our customers reactively.

We've got to be way more proactive in delivering value to them right off the bat. Tying that back and making sure that the things our sales reps promise going to the market are actually delivered post-close. And I think folks started to realize it and figured out that it is a core piece to their business, probably about five, six years ago.

And then COVID came in and accelerated that substantially. Companies saw so many parts of the economy shut down, and folks started to work from home and realized that you couldn't just rely on generating new business to grow your company. You had to take really good care of your

existing customers because they were the most important thing you had, and they were going to be what drives your growth.

It accelerated a lot last year. At Gainsight, it used to be about, "Why do I need Customer Success?" And a lot of our thought leadership in content creation, community building, and everything we did was helping companies understand why they needed Customer Success versus just a standard account management business.

And now, that shifted. It's no longer Why. It's more about How and When. Often, the answer to When is now, or it's earlier than ever before. As I said, companies are thinking about Customer Success from the very get-go because retention is one of those metrics that drive valuation. So thinking about it very early and then How has to do a lot with not just technology but also people and processes.

I think now that Customer Success has arrived. It is one thing we've said over the last few years. Back in the day, one of the first things I read from Gainsight was Nick Mehta's 10 rules of Customer Success. We just recently redid them 10 years later, and it's fascinating to see how they've evolved and how things have changed. Seeing things that big analyst firms like Gartner and Forrester started, they developed their categories and magic quadrants around Customer Success. It's exciting to see.

AM: What are the changes in those 10 rules? Give me one.

SS: Oh, man! Diving into a couple

of them specifically. One of the things you see is that Customer Success used to focus more on things like Logo Retention and Gross Retention, which are still super important metrics, but Net Retention has become almost a North Star of a business. That's a great example.

It used to be simply about companies who are born in the cloud. You see all kinds of companies leveraging Customer Success these days. I saw McDonald's hired a global head of Customer Success or global chief customer officer. A few weeks ago, Traveler's Insurance hired its first Chief Customer Officer. Customer Success is not one of those things that's just about SaaS and software anymore. You can have the hardware. You can have services. You can have a product, like food. Customer Success and the customer experience have definitely evolved, and every single company is thinking about it.

AM: That's very interesting. Do you work with any non-software companies at Gainsight? Do they reach out to you asking for your expertise?

SS: We don't have too many leveraging the product outside of SaaS yet. It's something that we are looking further and further into. Our core part of the business is still technology. We have a couple of companies, one of them, for example, is ROK Automation and other folks who are more into manufacturing and hardware space. We also have some public entities that use Gainsight more for marketplaces and communities.

So it's not just your traditional software model. It's still very much for the technology-first model, or companies like I mentioned before, were shifting to the cloud. Everything has a software frontend these days. The hotel you stayed at has a software frontend. The airline you fly has a software frontend. You drive up to a window at a fast-food place; it typically has a software front end. For anything driving that experience and interacting digitally, you start to think about Customer Success.

So it's almost hard to think about, "OK, is this a technology company or not?" And when you think about it, most companies are almost trying to position themselves as one even though the product and service they're selling isn't necessarily just software.

AM: Let's talk about Gainsight Essentials. Tell me a little more about it.

SS: Essentials launched in early March. To be completely vulnerable and transparent, Gainsight has been around for about 10 years. We are looked at as probably the giant gorilla in space. The 800-pound traditional player that services Fortune 100 or Cloud 100, or we've looked at as being a solution-only for other enterprises. And that's not necessarily true. We understand that these fast-growth technology companies are the market's fastest-growing segment. We needed a solution that would make it easier for companies to start and scale at Gainsight, not necessarily just Gainsight technology but start and scale at Customer Success.

And so, we built Essentials to focus on doing that. New pricing and packaging to make Gainsight more affordable for earlier-stage companies, packages that deliver you the features that strategically help you get up and going with your Customer Success practice more efficiently and more effectively. We cut down time-to-value quite a bit, faster implementation, getting folks onboarded and live with the platform faster.

We've redesigned nearly 80% of our user interface with the product to focus on there. With Gainsight, you have a product for 8-10 years. You start to do some – to rebuild a few Xs. Things progressed, and we have a design team that's now the largest in the industry. We got 20 plus designers just working on the interface on a daily basis, so we've become a design-centered business. We always say that design is in our DNA. And then making sure that there is value across the entire experience.

So from pre-sale and how we engage with the prospect early on to how we demo the product, to how we introduce them into our implementation team, to then how we migrate them over to our Customer Success team. Really, being prescriptive and helping folks understand that this isn't just about the technology.

As much as we'd like to say Gainsight is going to be that easy button that solves everything, there is a lot more that has to happen for Customer Success to be successful and be woven into your business. And so, Essentials is a lot about helping companies achieve those best practices.

It's the entire revamp and kind of refresh of our experience. It's not just earlier-stage companies. Yes, we've kind of positioned it more towards Series A or earlier stage company that has 25-50 employees, just hiring the first leader of Customer Success, and just starting to hire CSMs. But it's also for that big company that is going through a big digital transformation and just trying to figure out Customer Success for the first time. It needs to have a health score for its customers, needs to aggregate all its data into one place, needs aggregate something as simple as its notes around its customer base into one place, bring in data from Salesforce and other CRM, and support ticketing systems or whatnot. We kind of want to democratize Customer Success and bring it to everybody.

AM: What's the price point for your product?

SS: Many folks start getting in with Essentials for around $2,000 a month, which gets them 5-10 users on the platform. They can scale from there. That gets them somewhere around 5 to 10 users on the platform.

We also have something called Plus licenses. One of the things we are trying to do is break down the silos, the barriers between Customer Success and other parts of the organization. Bring that Customer Success mentality into marketing in terms of how they do advocacy and customer marketing into sales or product. We want other folks to have access to the tools, and the data, that comes from Gainsight, so we offer these additional licenses as well, integrating with tools like

Slack and Microsoft Teams and other platforms that they could pull data from.

So by purchasing that core license, we provide visibility and access to many different types of tools. So folks are getting started for around $2,000 a month, giving them a nice, clear runway to give that crawl, walk or run type of experience where they could start simple and then scale when they're ready.

AM: So obviously, it is less expensive than core Gainsight and is targeted at smaller companies. But what's your Go-To-Market strategy, and how is it different from core Gainsight?

SS: It's interesting. Gainsight, our core product, in a sense, is just built on the same base. It's just different packaging. So it's like we built an entirely new product. We want to lead into our entire platform's power, but with the understanding that it's not great for every company to start with everything we have to offer. Often, they would come out of onboarding, their eyes a bit lost, "Holy cow! We have this huge platform now. What do we do with it?" And so, we want to give them a prescriptive path to grow.

And that kind of fits into some of the Go-To-Market as well. Our GTM around Essentials is most people are fundamental. Many folks come to us saying, "Technology is great, but how do I even start my Customer Success organization? Whom do I need to hire? What's the head of Customer Success need to look like? Do I need to hire a CCO right now? What should I pay them? What should my capacity model look like? How

many customers should a single CSM manage?" I have a high-touch model and a digital web model. Some companies or customers pay me six figures, and some pay me $600 a month. And so, it's a matter of what kind of strategy I need for each of those.

What we are doing with Essentials is helping companies develop that core mentality around how I build out my Customer Success. Often, you just want to change management that has to go into place for companies. We talk about topics like that. So that's where our GTM is focused a little bit more. That means we do different things in terms of identifying the types of personas we want to market to, the types of messaging that go out with them or where they are looking for data and information, and where they are hanging out. So a little bit different of a strategy versus what we would do with a larger enterprise.

AM: When you think of these smaller companies, what type of KPIs should they focus on (vs. the KPIs that more mature companies focus on?)

SS: I would say that just because you are smaller doesn't mean your KPIs would be different. It goes back to our discussion of net retention, which is kind of the North Star for companies. When you are early on and just getting started, that's where we see a lot more companies start focusing on things like logo retention. Are we keeping the logos and the customers that we have? And that's really important early on.

Then you see this graduation where they go from logo to gross retention. And gross retention is

more on how many dollars we are keeping. But then it really starts opening people's eyes to the valuation of your company, the growth potential of your company, and how well customers are adopting your technology and leads to focus on net retention. And that's a matter of whether or not you are able to grow the customers that you have. Are you upselling them into additional features or products? Are they adding more licenses? That's what folks are looking at as they mature even further.

And there are other metrics as well. For example, capacity planning or Net Promoter Score (NPS), Customer Satisfaction Score (CSAT), and having multiple scores come into play. So you may have an NPS or CSAT survey that goes out right when someone gets done with onboarding. You then want to look at their NPS and CSAT once they have been customers for 6 months and 12 months, doing Quarterly Business Reviews (QBR) or executive business reviews. So, those are some of the core metrics. I think startups need to be paying attention to these metrics, just like there are so many marketing and sales metrics that apply across the board.

AM: From your experience, how does the existence of Customer Success help improve NPS?

SS: Obviously, the more value a company is getting and the better outcomes they are able to achieve is very important, and not just to return investment that they're bringing with you. NPS score is not only about proving that there's a great user experience with your product, which is important but is only a small portion. It is also

about getting value, which starts the promotion and turning those customers into advocates. You end up having almost like a secondary sales team. That sales team of folks that aren't even on your payroll – they are your customers. And there's nothing better than that.

AM: What are some most common mistakes you see startups make when they try to build their Customer Success from scratch?

SS: Oh man, they think technology is going to solve everything for them. Number one, they think that just buying the tools is going to do it. They take someone who isn't as seasoned as being in front of the customer and put them in a Customer Success leadership role or CSM. But the Customer Success role is not just how well you use the platform but how you're engaging with the company as a whole.

Another thing is that they don't leverage product data enough. For example, bringing in product adoption data, product analytics data from their tool, using something to see their stickiest features, what features need to be adopted that drive retention, and things of that nature. Many folks will bring in CRM data and some ticketing data, but they are ignoring the data coming out of the product. But the data that's coming out of their product is so, so important.

I often say that there's no such thing as Customer Success without user success. So, one is not possible without the other. But a lot of folks forget how important that user success is

and that success within the product, and really getting down to the details around what adoption looks like, what usage flow looks like, and things of that nature.

AM: You are essentially the CEO of Gainsight Essential. What's your long-term vision for that line of business?

SS: Yeah. I love that you put it that way. Obviously, I think in the longer term – there are a couple of things here for us. Number one, there's for me, one of the most exciting things we've done is launch this thing called Gainsight Essentials Accelerator, where we actually have built an accelerator-type program to help companies who are adopting technology or just getting into Customer Success be more successful from a strategic side of things. I see that being a really important thing that we are doing at Essentials where it's not just about the product. It's really about helping companies drive their strategy.

This Essentials program treats our customers as cohorts; we put them through bootcamps, engaging them with office hours, exclusive webinars, and building mentorship. To me, building an accelerator around Customer Success is almost like building an accelerator for your entire business since your customer is really the core. Given my experience building my own companies, probably the thing I'm most passionate about is helping other earlier-stage companies and entrepreneurs. So putting this accelerator is really important to me.

I also look at Essentials as an incubation zone for Gainsight. There is a great book out there that was written by Geoffrey Moore, who wrote Crossing the Chasm (author note: See Season B: Episode 1). If you haven't read the book, go pick it up. But he also wrote a book Zone to Win, about 4 zones of growing a business. And one of those zones is the Incubation Zone. You've got to have the zone where you are willing to experiment, do new things, try different offerings, and the business in a little more nimble way, kind of like a startup.

And so, I'd love to continue making it feel like a startup within Gainsight by experimenting with new features we built into the product, helping to guide the product roadmap, and working across functions with some of the other products and tools we offer. We just acquired a company called inSided, which is a platform that helps companies drive community and advocacies. So we are doing more with them by building bundles around our Customer Success product, our community product, and also our product experience solution.

I think that's kind of a long-term vision of it, not just making sure that we are supporting our customers and making them as successful as possible through leveraging our technology but also through trying to deliver innovation to them and helping them be successful with their strategies. And I think that's some of the most important stuff we can do. Ultimately, it's about helping them grow and helping them scale.

AM: That's fantastic. Scott, thanks very much for being on the podcast.
SS: Thanks for having me.