PRACTICAL CSM
MAKING CUSTOMER SUCCESS SIMPLE

5 things
I've learned about hiring Customer Success leaders
for $1-$10mil ARR Companies

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This article is brought to you by Practical CSM in conjunction with Alan Fecamp from Zeren recruitment agency. Alan is one of the leading global experts in SaaS leadership recruitment in general and CS leadership recruitment in particular, and he has very kindly taken time out to provide us with his thoughts on selecting CS Leaders, which we have incorporated into this article.

Over the last six years, Alan has spent most of his time working with the Customer Success community and has helped many companies build best-in-class teams. Additionally, he has provided hundreds if not thousands of individual job seekers with one-to-one support, training, and coaching around transitioning into and moving onwards within a career in Customer Success Management. Alan is generally considered one of the top "go-to" experts for Customer Success Management recruitment worldwide.

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5 Questions to Ask

Before Hiring Your First Vice President of Customer Success

As customer expectations continue to rise, businesses recognize the need to invest in specialized roles. For many companies, a Vice President of Customer Success (or similar role) may be an untapped opportunity to further their capabilities and demonstrate value. For the past 12-month period, there has been a 66% increase in VP of Customer Success while having very little knowledge of what it is and what it does.

However, with such a high demand for Customer Success Officers at the moment, especially with its ability to generate revenue, it is essential to ask yourself some critical questions before making that leap. Whether you're considering hiring your first VP of Customer Success or are simply exploring your options, here are five questions you should ask yourself before bringing on your first Customer Success Officer:

1 Do you have a solid foundation to support a VP of Customer Success?

If not, it may be better to focus your efforts on building your foundation before bringing on a VP of Customer Success. That way, there's less risk of bringing on a VP of CS and realizing you don't have the resources or capacity in place to support the role long term. If your foundation is strong enough to support a VP of Customer Success, ask yourself these questions to ensure:

- **Do you have clearly defined Customer Success metrics?**

- **Do you have well-informed Customer Success KPIs?**

- **Do you have a strong Customer Success team?**

- **Do you have a clear Customer Success strategy?**

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1 Do you have a solid foundation to support a VP of Customer Success?

First and foremost, assess whether it is really the Vice President of Customer Success you need. Aside from the KPIs written above, consider your company's growth stage. Keep in mind that a VP of Customer Success is a strategic position wherein they are more experienced in handling middle-managers and less hands-on. If you are an early-stage company with lower customer numbers and small teams, having a VP of Customer Success would only impede your growth.

2 What is the current state of your Customer Success?

Successfully integrating a VP of Customer Success into your organization will be much easier if you have a strong foundation, which we tackled earlier. However, it is also essential to understand the current state of your Customer Success by asking yourself a few specific questions:

- **What is your current customer retention rate?**

- **What is your current customer churn rate?**

- **What is your current customer satisfaction rate?**

- **What is your current customer acquisition rate?**

- **What is your current customer lifetime value?**

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2 What is the current state of your Customer Success?

In short, always begin with the end in mind. It is essential to evaluate the performance of a Customer Success officer, should you decide to have one, and to do so, you must identify which metrics indicate a successful VP of Customer Success and establish baseline data.

Success for a VP of Customer Success will be different for every organization. However, the best way to evaluate your VP of Customer Success' performance is to measure it against your organization's goals. For example, suppose your organization's goal is to increase customer lifetime value by 20%. In that case, you will be able to determine whether or not your VP of Customer Success is successful based on whether or not they have met that goal.

3 What are the key responsibilities for this role?

Before hiring your first VP of Customer Success, you must ensure you understand the full scope of the role so you can clearly communicate those expectations to potential candidates. By outlining the role's key responsibilities, you'll know what you're looking for and how the part will be integrated into your organization. You'll also be able to manage better the expectations of your VP of Customer Success and your entire organization.

- **What will the VP of Customer Success' typical day/week look like?**

- **What will the VP of Customer Success' annual goals/KPIs be?**

- **What will the VP of Customer Success' key priorities be?**

- **What will the VP of Customer Success be accountable for?**

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3 What are the key responsibilities for this role?

When hiring your first VP CS, you need to look for the right person in the right place in the Go-To-Market motion of your company. It's easy to fall into the trap of hiring based on skill sets, experience, and cultural fit. However, it would help if you considered the specific place in the motion where the VP CS needs to be to have maximum impact. If you are looking for someone to drive new customer acquisition, but you hire a VP CS from retention, you are missing out on that opportunity to optimize your investment. One of the best ways to avoid this mistake is to do some thought experiments. Ask yourself, "What would happen if we hired someone from another team? How would they impact the business?"

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4 How will you identify a good VP of Customer Success candidate?

Before you start identifying candidates, it's important to outline what you're looking for. Taking the time to define your expectations for the role clearly and the responsibilities of a VP of Customer Success will help you identify the right type of candidate. Keep in mind that you don't necessarily need someone with extensive experience in the role. Instead, you want to find someone who can hit the ground running and be successful in your organization without any extra training.

- **What skills and experience does your ideal VP of Customer Success have?**

- **What can the ideal VP of Customer Success candidate do?**

4 How will you identify a good VP of Customer Success candidate?

Hiring a VP of Customer Success based on personality and responsiveness alone is a mistake. Data is critical for making the right hiring decision: the data about your current customers, the ones you want to acquire, and the competition is key to hiring the right candidate. It would be best if you had a good idea of the skills, experience, and cultural fit to drive specific outcomes and metrics to determine if the candidate is the right fit to do the job. If they do have what it takes, you can now consider their personality and responsiveness.

5 Which roles will be most impacted by hiring a VP of Customer Success?

While it's unlikely that a VP of Customer Success will directly impact every role in your organization, some areas will be affected more than others. By understanding which functions will be most impacted by hiring a VP of Customer Success, you can better prepare those teams for the shift and determine what help they need to adjust.

Hence, if you are to hire a VP of Customer Success, you may consider looking for their ability to collaborate, influence, and generate tangible outcomes. They must have proven that they can lead people from multiple departments to act toward the fulfilment of a goal and/or influence key stakeholders to favor Customer Success. When you are interviewing a candidate, you may assess their experience by asking:

5 Which roles will be most impacted by hiring a VP of Customer Success?

- **Describe a time when you needed to influence the top team to decide in favor of the CS department when originally, they were reluctant.**

- **How important do you perceive relationships with peers and other functions, and what would you do or what have you done to maximize those relationships?**

- **What were the results learned from that experience, and could you have done better?**

- **What would you do if you faced the same situation, would you do it the same or change it, and why?**

Bottom line

A Vice President of Customer Success will bring value to your organization by ensuring your customers are satisfied and will continue availing your product or service. This role is essential for businesses that want to scale and thrive in the long run. The payoff could be huge when you hire the right person for the job. However, how will you attract the perfect candidate to help you achieve the outcome you have identified you want to achieve?

Aside from marketing the challenges of what needs to be done now in your company, you can also sell the journey they will be taking. List down the tasks that need to be done and what role it equals to without dressing them up.

Bottom line

Suppose you are on the seed stage or series A. In that case, you may need someone excited to contribute to strategic decisions while also doing some work themselves, which, in this case, is not a Vice President of Customer Success – it's a Head of or Director of Customer Success. However, if you are moving from Series B to Series X, then you will need someone in the role experienced enough to scale up your business and Customer Success function quickly; then, it is a Vice President of Customer Success you need.

With that in mind, do you need a Vice President of Customer Success?

5 things I've learned about hiring Customer Success leaders

for $1-$10mil ARR Companies by Alan Fecamp

Despite the well-publicised market headwinds in Technology and SaaS, the demand for Customer Success leadership remains strong. **It's higher than ever!** CS leadership hiring growth is far outstripping CSM hiring globally in percentage terms. This is particularly apparent in earlier stage companies where the appetite has grown considerably in recent years.

According to the recent Customer Success Index report from Gainsight and RevOps Squared, companies at $1-10mil ARR have the lowest defined CS org but 70% are either planning to have or already have newly formed orgs. They will naturally require a talented leader at some stage.

5 things I've learned about hiring Customer Success leaders

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I've been fortunate to have helped many $1 to $ 10 million ARR companies build their Customer Success functions over the last six years, and there is no doubt the attitude shift towards CS from founders and senior management teams has been huge.

CS now has a seat at the table. Its role in a company achieving financial milestones is being recognised. This is great to see having felt the frustration from so many in my network about the attitude towards CS from their current employer – this is a major reason for a CS leader wishing to change roles.

It's clear companies are now looking to hire this expertise earlier, and there are a few learnings I can share when setting out to get your first VP of Customer Success on board.

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Hire a VP of Customer Success who has owned the bus and not just borrowed the keys for a day

If you are sure you are ready to hire a VP of Customer Success, aim to find one who has created and executed the playbook rather than delivered someone else's plan. There is value in knowing how to execute; however, being responsible for developing and delivering the whole strategy whilst likely reporting to the Founders, CEO and Board requires a different skillset. Depending on the organisation's stage of growth and maturity of the current CS structure, they are likely going to be met with a good dose of ambiguity to navigate and you'll mitigate risk if they have been on a start-up journey before.

I'd caveat this. There are Directors and Heads of CS who are ready to take the step up. If they have seen multiple iterations of what good looks like and have worked with great leaders in the past as mentors, this would be the next best and great option to open the potential pool of candidates that is otherwise very limited.

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Domain expertise isn't a priority – the GTM motion of your company is

Direct market knowledge should be trumped by experience with similar customer journeys and GTM motions.

If your organization is product-led, your CS approach will likely differ from a sales-led business with a premium product.

If you're in eCommerce for example, you can widen your criteria to include other B2B2C channels or even discount that completely in favor of someone who has experience with your customers' size and type – high touch/high value vs mid-market – and similar revenue model.

If you have a consumption-driven model, it's likely the behaviors of the CS team will differ vs. a straight monthly SaaS license.

Domain expertise isn't a priority – the GTM motion of your company is

For me, matching on the GTM and CS motion is critical vs. your leader knowing the specific nuances of an industry as this will likely impact the CS methodology they apply. For example, if you have high numbers of lower-value customers and plan to continue with a volume-driven expansion, you'll likely need a profile with experience in building out tech touch and self-serve solutions.

If you are super high touch with your CSMs acting as strategic advisors with 3-5 customers with $multi-million ARR responsibility, that should be your focus. The domain expertise can come from their first few CSM hires if it's needed or may already exist in abundance elsewhere in the business.

Evidence of team collaboration is crucial

The right candidate will also have worked closely with Product, Sales, Marketing, and Support as all of these will impact on improving customer experience.

If it's a particularly early-stage business still searching for product fit, then experience working closely with the Product Team should be prioritised. Also, the Interaction with sales as eyes and ears provides rich insights on what problems they are trying to solve with customers, pain points, and why they buy from your brand.

Customer support can feed back common problems that occur that all help to build towards an amazing customer experience. Your leader with early-stage experience will likely have the battle scars to know how best to collaborate, what levers to pull, and when.

Hire for your company's anticipated pace and place of growth

Remote or hybrid working is now the norm for many and has thrown up a new set of challenges for leaders. Understanding your growth plan, expected hiring numbers and locations will mitigate risk if your leader has dealt with similar management dynamics. The ability to onboard new team members and foster a great team environment when working remotely is a relatively new skill for many. However, if you find a leader with experience in running multi-geo teams, they will likely understand what it takes. You'll just need to assess if they were great at it! The anticipated pace of growth and likely team numbers should also be considered.

If you're expecting to grow quickly to a team of 20 with an additional management layer, this is a very different challenge to managing 5+ hires directly. With the former, you'll need to assess whether someone can build and upskill a middle management team and provide ongoing support and coaching that drives exceptional performance through the team.

Be sure it's a VP of Customer Success you need

It's common to get a request from a client to help with a VP, Customer Success, when in fact what they need is a Head of or Director level candidate to get the CS engine going. The VP title can be offered up too easily in my opinion.

If there is likely to be a considerable amount of IC work and direct client management as the first CS hire, I'd pay particular attention to this as you'll run the risk of recruiting at the wrong level and finding a candidate who is a strategic operator and too removed from the day to day of running a book of business. Many VPs will be happy to run clients for a period whilst building out a team; however if plans change or the pace of hiring unexpectedly slows you run the risk of having a CS leader who is too senior for what you need. You can't predict every eventually. I would suggest giving considerable thought to hiring a candidate who is stepping up and ready to take on the challenge vs. a proven VP.

Sum-up

These are a few of the many nuances of getting your first CS leadership hiring right! **There are many more!** You must scope the role correctly and settle on the right level of compensation vs. market rate before you begin your hiring process. This will most likely include some level of equity if you're at an early stage. You'll also need to create a compelling role description to make sure you stand out in a competitive market.

If you would like to discuss how to set yourself up to hire a CS leader and welcome the opportunity to connect **drop Alan a line** – alan.fecamp@zerenglobal.com

To learn more about how our training and certification programs can help YOUR Customer Success team to become more competent, confident, and productive, please use our Calendly App here to book a free no obligation conversation with our dedicated team of specialists who can help you determine what your needs are and provide further information on training options and costs.

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Sum-up

This PDF is based on Rick Adams' and Alan Fecamp's **Coffee Bar Conversation** on **The 5 Biggest Mistakes When Hiring Your First VP of Customer Success**.

Should you wish to watch the webinar recording, you can do it here:

WATCH THE VIDEO