Junior Management Science

Managing Customer Success: An Evolutionary Process Model for Role Development in SaaS Entrepreneurial Ventures

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Abstract

In an increasingly SaaS-driven, competitive entrepreneurial ecosystem, retaining customers has become a key challenge to solve for entrepreneurial ventures. Customer success management provides a possible response to this challenge, looking to build a close relationship with customers to ensure a maximum value-added through the sold software solution. This thesis conducts inductive qualitative research based on eight German SaaS entrepreneurial ventures. It showcases the evolution of the customer success management role in three phases from a 360° support towards a trusted advisor. Over three phases, task change from an operational to a more strategic focus, which is connected to changes in the internal collaboration. The results suggest a strong individual impulse to be a necessary condition for customer success management to emerge and evolve. Furthermore, the role development is accompanied by a perspective shift of the own entrepreneurial venture and a continuously iterating definition of customer success. The findings of this thesis highlight important challenges over the course of establishing a customer success management department in an entrepreneurial venture looking to provide theoretical groundwork for future research as well as start-ups investigating the topic.

Keywords: Customer success management; Entrepreneurial ventures; Process model; SaaS; Grounded theory.

1. Introduction

The German entrepreneurial ecosystem is currently propelled by newly founded software start-ups. In 2021 alone more than 3000 start-ups were founded in Germany, of which more than 50% operated in a Software-as-a-Service (SaaS) subscription-based business model (startupdetector, 2022). At the same time venture capital investments in Germany have reached a new peak in 2022 following an 229% increase to 17,3 billion euros in 2021, of which more than 10 billion euros were invested into software, e-commerce or fintech start-ups (Ernst & Young, 2022). The entrepreneurial ecosystem in Germany seems to have reached the "subscription business model era" (Vaidyanathan & Rabago, 2020). Well-known characteristics present in the B2C sector have now transitioned into the B2B sector as easy-implementation and low switching costs allow companies to buy software on a trial basis to evaluate the potential value before committing to a long-term contract, if at all. With new software start-ups emerging, multinational enterprises (MNEs) as well as entrepreneurial ventures find themselves forced to respond to

the challenge of increasing competition resulting in higher customer churn risk. With the entrepreneurial ventures being backed up by significant venture capital, a lot of companies may trust the software solution early on by trying out their product and agreeing to pilot projects or time-limited license agreements.

> *"Today we are in the age of the customer, where the customer is king, and the role around which everything else must revolve is the customer success manager." Geoffrey A. Moore (Vaidyanathan & Rabago, 2020, p. 1)*

But how does an entrepreneurial venture convince a customer of the value of the own solution and secure a long-term commitment resulting in recurring revenue? A potential answer to this challenge could lie in the customer success manager, a role that has gained attention over the course of the last years in public press and academic research (Hilton, Hajihashemi, Henderson, & Palmatier, 2020; Hochstein, Rangarajan, Mehta, & Kocher, 2020; Porter &

Heppelmann, 2015; Vaidyanathan & Rabago, 2020). Customer success management (CSM) looks to extend existing customer management practices by not only managing the customer, but actively guiding him towards measurable value created through the sold software solution ultimately creating long-term retention and customer satisfaction.

Existing academic research has shown that roles in entrepreneurial venture early on tend to be loosely defined, amorphous and regularly changing (Gaibraith, 1982; Tsouderos, 1955). Over time and growth of a company, roles become more specialized (Tsouderos, 1955), which can be triggered by developing around an employee carrying out the role (Mintzberg, 1997) or as a response to crises (Adizes, 1979; Gaibraith, 1982; Greiner, 1972). The timing when to change a functional role appears to be a highly complex challenge to respond to, as young companies often tend to update their organizational structure too early or too late, resulting in several disadvantages (Chandler, 1962; DeSantola & Gulati, 2017; Greiner, 1972). Nevertheless, "much remains to be learned about how [...] change in organization design comes about and when and why change does (not) arise." (Alexy, Poetz, Puranam, & Reitzig, 2021, p. 2)

By comparing start-ups and scale-ups with customer success departments of different maturity stages through inductive qualitative research this thesis looks to ground new theory how a customer success management department emerges and evolves in an entrepreneurial venture and how the corresponding role of the customer success manager develops over time. The main outcome of this master thesis is an evolutionary process model that finds evidence that a customer success management department in an entrepreneurial venture develops over the course of three phases with fluent transitions. The maturity of the CSM department did not seem to automatically be included in the scaling process of a venture with some companies beginning to investigate the topic substantially later than others. Triggered initially by a strong individual engagement of an existing, ideally customer-facing employee, in the first phase the role can be described as being a 360° support focusing on multiple, often operational tasks. Over time the demand for customer success managers to be staffed on customers increases in the start-up as the first value of the CSM work is recognized in the company. This triggers the second phase, which is focused on scaling the role by standardizing and outsourcing operational tasks to be able to sustainably grow into a small team. In the third stage, the CSM role can be described as a trusted advisor, which serves the most valuable customers and is billed as an extra service to these customers as well. Operational tasks in the last stage are almost completely outsourced from the CSM department as the role focusses and consulting in software use cases and connecting to the strategic goals of the customer.

Furthermore, this thesis suggests relevant metrics that are relevant for a customer success management department to measure the value of its work over time. It highlights a shift in company perception from being a new player on the market towards a category leader that pioneers a whole new soft-ware. This shift in perception shows to be an important accompanying development, as it influences the way customer success management presents itself internally and externally.

The evolutionary process model contributes to academic research by showing *how* a specific role develops in an entrepreneurial venture, thus extending and specifying the existing knowledge on role development. Furthermore, the thesis provides novel academic insights by studying customer success management based on the data of multiple cases for the first time. The results look to provide a first qualitative theory to be used for future research that looks to further investigate the role development in entrepreneurial ventures in general or study customer success management as the newest practice in customer management.

Additionally, the theoretical results look to practically contribute to the entrepreneurial ecosystem in Germany by providing a detailed overview on how tasks and organizational collaboration of the CSM department develop over time complementing the process model. Ideally, the outcome of the thesis can serve as a blueprint inspiration for future start-ups looking to sell their product in a SaaS business model approach with a focus on customer success.

2. Theoretical Background

This thesis looks to ground new theory on how the role of the customer success manager develops in SaaS entrepreneurial ventures. This section will provide an overview on existing academic work in the fields of organizational design evolution and growth as well as the way roles develop in entrepreneurial ventures. Furthermore, initial articulations and definitions of customer success and customer success management are summarized to serve as a theoretical ground for the reader to gain an overview on the topic within the context of customer management research.

2.1. Organizational Design and Growth of Entrepreneurial Ventures

Existing studies in organizational design evolution mostly sample large established companies rather than entrepreneurial ventures (Colombo, Rossi-Lamastra, & Matassini, 2016). A research string of classical studies looking to find universal structures and processes applicable to all organizations was ultimately abandoned (DeSantola & Gulati, 2017). Nevertheless, these studies provided first evidence for the complexity of studying the evolution of organizational designs for future research. Another research string focused on observing a life-cycle perspective in organizational design evolution and shifted the focus towards finding certain developmental stages a venture goes through with its structure, which are correlating with the ventures organizational growth (Kazanjian, 1988). However, these studies were constrained by relying on rather small-sized qualitative case studies and similar to the classical studies looked for ubiquitous structures (DeSantola & Gulati, 2017). This research eventually had the impact of proving that entrepreneurial ventures do not behave

in the same way as larger organizations while at the same time emphasizing the relevance of unique company-specific factors during growth (DeSantola & Gulati, 2017).

Start-ups, scale-ups and unicorns studied in this thesis can be grouped using the terminology entrepreneurial ventures. Start-ups have been characterized as young companies with a strong focus on growth and innovation, which significantly differentiates these ventures from small businesses (Carland, Hoy, Boulton, & Carland, 1984) or small and medium-sized enterprises (SMEs). Moreover, definitions often consider them to be younger than 10 years (Bundesverband Deutsche Startups, 2021). A scale-up can best be described as a start-up showing first success in generating revenue, raising venture capital (VC) and growing their team. Unicorns are scale-ups that have a very high company valuation, with the threshold usually being one billion euros. Research indicates that entrepreneurial ventures often show growth rates higher than those of more mature companies (Kirchhof, 1994), while the challenges that they face during their growth phase are substantially different and unique (Bhidé, 2000). It is important to notice that growth in this context can occur among many different categories, while not necessarily in all of them at the same time (DeSantola & Gulati, 2017). Accordingly, increase in revenue or customers served does not always accompany a simultaneous increase in the organizational headcount (Josefy, Kuban, Ireland, & Hitt, 2015), which is reflected in the entrepreneurial ventures studied in this thesis as well.

A substantial number of entrepreneurial ventures fail within the first 5 years (Åstebro, Herz, Nanda, & Weber, 2014; Dahl & Sorenson, 2012). Additionally, numerous challenges arise from the problem of scaling (Eisenmann & Wagonfeld, 2012), especially when responding not only to an increasing amount of activities, but also to a shift in scope of tasks (Chandler & Hikino, 2004). This indicates that entrepreneurial ventures operate in an environment of uncertainty where they are constantly being exposed to new roadblocks to deal with. Moreover, start-ups and scale-ups are perpetually challenged to establish a compromise between being flexible in their organizational design and being efficient in the way they carry out their business since resources are scarce (Chandler & Hikino, 2004). The continuing need for compromises during scaling suggests implications for role developments in new ventures as well (see section 2.2).

Current academic research agrees that an entrepreneurial venture is constantly facing the ambiguous endeavor of deciding for the right level of structure in organizational design. Too much structure can result in stagnating organizational growth, while too little structure is likely to result in chaos and limitless, inefficient improvisation (Davis, Eisenhardt, & Bingham, 2009). Nevertheless, Davis et al. (2009) criticize that essential potentially relevant factors such as time delays or limited attention span are not considered as well as the failure to describe how structure influences efficiency.

DeSantola and Gulati (2017) identify two prevailing narratives in academic research that interlink the organizational design of entrepreneurial ventures with the aspect of organizational growth, which they label the endurance and the change narrative. The first narrative puts forward that the substantial organizational elements of an organization stay relatively stable and are hard to change, even when undergoing pressure to grow (Beckman & Burton, 2008). This suggests that the initial decisions of founders create a lasting legacy on the organizational development of an entrepreneurial venture (Burton & Beckman, 2007). In contrast to the endurance narrative, the change narrative focuses on how the organizational design changes directly relate to growth. Research in the change narrative indicates that the growth-related increase in complexity is showcased in the organizational design of an entrepreneurial venture (Greiner, 1972; Kazanjian, 1988). In comparison to the frequently addressed endurance narrative, research on entrepreneurial ventures has been rather scarce for the change narrative (DeSantola & Gulati, 2017). DeSantola and Gulati (2017) point out that change narrative assumes that the initial organizational design in entrepreneurial ventures is highly informal and variable especially with regards to task organization. This means that the founders and early employees possess a very central role in guiding and impacting roles (Mintzberg, 1997). Furthermore, companies respond to crises such as the sudden leave of an employee or conflict with evolution in organizational design, requiring the entrepreneurial ventures to respond with adjustments in their structures (Adizes, 1979; Gaibraith, 1982; Greiner, 1972).

This thesis looks to follow the suggestion of DeSantola and Gulati (2017) that future research in the field should try to incorporate aspects of both narratives of organizational design evolution and only "bringing the two narratives together will allow researchers to arrive at a more complete understanding of organizational dynamics during growth" (DeSantola & Gulati, 2017, p. 655).

2.2. Role Development in New Ventures

The traditional academic view on role development states that in early organizational stages functional roles are still relatively amorphous and loosely defined (Gaibraith, 1982). As ventures grow and scale, their functional roles gravitate towards becoming more specialized (Tsouderos, 1955). Although experience-based iterations on a venture's business model have been studied, the question when and how roles and the organizational design of an organization change still remains unclear from the current state of academic research (Alexy et al., 2021; DeSantola & Gulati, 2017).

When dealing with iterating functional roles and decision-making structures during scaling, entrepreneurial ventures are likely to struggle in one of two ways (DeSantola & Gulati, 2017). Studying General Motors, DuPont, Standard Oil, and Sears Roebuck at a point where they experienced high growth Chandler (1962) found that these businesses responded to the ambiguous challenge to be both flexible and efficient by not updating the early role structures for too long. This ultimately led to inefficiencies and seems

to be the prevailing scenario for most entrepreneurial ventures as well (DeSantola & Gulati, 2017). In contrast to this observation, updating roles too quickly can also exhaust sometimes resources due to the overall organizational design not fitting the new position (Greiner, 1972). Current academic literature does not answer the question arising from this dilemma: if there is a correct timing of functional role changes and which actions can be taken to mitigate the observed struggles.

The roles in young ventures, for instance start-ups, are characterized by only little role specialization and simplistic organizational decision-making structures (Mintzberg, 1997). In this initial stage Mintzberg (1997) finds that clear division of labor is still absent, and roles remain loosely defined open to change for future venture needs at a given point in time. Regular communication connecting almost all roles with each other is a key factor to keep the loose organizational structure functional (Gaibraith, 1982; Leavitt, 2005).

Existing academic research has focused investigating the need for efficiency in the change of an organizational design. Over the process of growing as an organization tasks become increasingly complex. At a certain point the entrepreneurial venture formalizes these tasks into a specific functional role with a major challenge of this process being the coordination of efforts across several recently established roles (Aldrich & Ruef, 2006; Blau & Schoenherr, 1971). Furthermore, changes of the organizational design in an entrepreneurial venture that affect the scope of a certain role increase the specialization of these roles and foster team changes (Aldrich & Ruef, 2006). According to Aldrich and Ruef (2006), the establishment of an increasing number of functional roles might even result in reduced direct administrational overhead due to economies of scale in supervision functions. At the same time it creates new challenges through the complexity of role differentiation (Blau, 1970). Potential challenges may even be amplified through conflicts between early team members or founders that experience the phase of scaling and its growing pains (Flamholtz, 2016). An example of such a conflict would be realizing that own expectations towards a career in the entrepreneurial venture are in danger of being jeopardized by new employees hired in senior roles over them (Strauss, 1974).

For likely any organization experiencing growth one of the biggest organizational challenges seems to be facing the ambiguity between the need for efficiency through functional roles. Additionally, the problem of increasing complexity through the establishment of differentiated functions as well as integrating new hires into the existing organizational design has to be dealt with. Consistent with this assumption, Ambos and Birkinshaw (2010) state that entrepreneurial ventures' organizational structures are not linear, but show regular iteration, stagnation and relapse over time related to functional role changes.

For start-ups, the initial structure at the time of founding might differ significantly across companies with implications for more mature stages of the venture. As one of the few longitudinal studies in the field Baron, Burton, and Hannan (1996) find that in emerging start-ups founders and early employees shaping the organization already had blueprints for setting up their human resources department. With one of three dimensions being the way to control and coordinate work, the authors find strong statistical evidence for internal consistency in the role development of the human resource department over time. Especially for high-tech start-ups evidence for having a blueprint to set up a successful human resource department and therefore successful employment situation was observed in a study of 200 tech companies (Baron & Hannan, 2002). Although the researchers focused primarily on the human resources department in their study, they provide evidence of distinct logics behind organizing a department implemented early on.

The organizational design evolution of an entrepreneurial venture is not only based on early plans. For instance, individual employees working in an organization at an early stage can also significantly influence the evolution of an organizational design and functional roles. Miner (1990) finds that a venture having idiosyncratic jobs, which developed around the skillset of certain employees rather than a specified job description, can significantly influence the evolution of the venture's organizational design. The author finds that the emergence or ending of an idiosyncratic job often results in shift in functional role development. This impact resembles another unplannable factor in role development an entrepreneurial venture must account for as some central employees might suddenly leave the company and formerly idiosyncratic jobs might transition into more functional roles. In addition to that, stage models of organizational development have found that responding to other crises at an early stage due to coordination struggles result in the specialization of roles and restructuring of functions (Adizes, 1979; Gaibraith, 1982; Greiner, 1972).

2.3. Customer Success Management

As opposed to the terminologies customer relationship management (CRM), customer experience and customer engagement, only recently has the terminology customer success been the focus in popular press. Although academic literature has shown an increasing focus on the first three terminologies, few academic publications explicitly mention customer success so far (Figure 1). Considering the lack of academic research, a "skeptical researcher is left to wonder whether CSM is just the latest management fad, or a valuable innovation in customer management practice" (Hilton et al., 2020, p. 360).

A prevailing question in academic literature is where to situate the terminology customer success within existing customer management practices. The extensively studied practice of customer relationship management mainly focuses on establishing structures to manage the operational efforts arising with each customer, such as software implementation or billing, and store transactional data (Reinartz, Krafft, & Hoyer, 2004). Customer experience extends CRM by modeling and evaluating the customer's transactions in a customer

Popular Press (Factiva)

Academic Press (Web of Science)

Figure 1: Customer management practice keyword search results by year in popular press and academic press.

Source: Hilton et al. (2020, p. 361).

journey to improve the customer's product experience (Fornell, Rust, & Dekimpe, 2010; Harmeling, Moffett, Arnold, & Carlson, 2017). Customer engagement looks to assess how the customer contributes to marketing functions of the own company, for instance through social media activities (Grönroos, 2011). According to Hilton et al. (2020) customer success management builds on the three practices mentioned. CSM extends CRM by leveraging the transactional data to derive insights on the current health of the customer. CSM extends customer experience by not only considering customer touchpoints with the product, but also assessing strategic or financial goals of the customer. CSM extends customer engagement by not only assessing the customer loyalty, but also considering the customers goals pursued with the own software solution. Therefore, the author label customer success management as "an evolution in customer management practice" (Hilton et al., 2020, p. 368).

A universal definition of the role customer success manager still seems to be absent due to the novelty of the topic customer success itself. Nevertheless, several researchers and business practitioners have voiced their opinion on what customer success is and the objectives a customer success manager should pursue. Vaidyanathan and Rabago (2020, p. 21) define the role as follows: "A Customer Success Manager is the qualified individual that engages with the customer, acutely assesses their needs, strategically aligns the use of your products or services to achieve those needs and ensures that the customer attains their expected outcomes by tactically and proactively taking actions all along the way." (p.

21). The authors propose that the customer success manager is responsible for tackling and overcoming a "consumption gap" (Wood, 2009, p. 1), which results out of the customer's use of the product being lower than the actual capabilities of the product. Closing this gap through the creation of valuable use cases and the incorporation the latest software feature updates is the core task of the customer success manager. Ultimately, a successful execution of customer success should result in churn prevention and help to retain the customer in the long run (Vaidyanathan & Rabago, 2020).

Summarizing the previous research and business articles on the topic customer success, Hilton et al. (2020) situate customer success management as the next evolution of customer management practices and identify leading initial definitions of customer success management across literature. The authors position customer success management between goal management, learning management, and stakeholder management. Accordingly, as a main goal customer success management should improve performance of company and customer.

Zoltners, Sinha, and Lorimer (2019) define CSM as showing the customer the value a solution can provide and how to achieve it. The authors also discuss that companies seem to always go down one of two roads when establishing customer success management: They either rebrand their customer service or account management departments to customer success management departments while keeping former tasks identical or clearly differentiate the role from other customer facing roles, such as sales, through the focus on cus-

tomer success.

Compared to Zoltners et al. (2019), Hochstein et al. (2020) as well as Porter and Heppelmann (2015) provide relationship-focused definitions with an emphasis on managing the customers' experience and the users' engagement with the own solution. While Porter and Heppelmann (2015) see the CSM department in charge of coordinating the efforts of the marketing, sales and service unit of a venture towards benefitting the customer, Hochstein et al. (2020) distinguish the CSM role from marketing, sales and service as an advocate for the customer that makes use of key performance indicators (KPIs), such as for example customer health scores, to retain the customer. At the same time, the authors put forward that all roles in a venture actively contribute to customer success to a certain degree.

Many definitions on customer success and the role of the customer success manager exist and different approaches towards interpreting the role can be identified. However, research on organizational design has identified that roles in entrepreneurial ventures change over time (section 2.2). Accordingly, the research of this thesis looks to tackle the research gap between the initial, rather generalized articulations of customer success management and the fluid development of roles in entrepreneurial ventures. The motivation behind the research gap is that if roles in entrepreneurial ventures change over time, the role of the customer success manager must experience significant changes as well. Moreover, the underlying triggers for role changes and the initial investigation of customer success management are not known leading to the question: When does a customer success management department emerge in an entrepreneurial and how does it evolve?

3. Methodology

The following paragraph will outline the research methodology chosen in this thesis to tackle the research question how and when the customer success management role evolves in SaaS entrepreneurial venture. An inductive qualitative research approach was chosen due to the novelty of the topic customer success management with the goal to create an evolutionary process model for the emergence of customer success management departments in entrepreneurial ventures with a SaaS business model. Data collected from eight German entrepreneurial ventures with a SaaS business model was analyzed in a grounded theory based approach (Eisenhardt, 1989; Gioia, Corley, & Hamilton, 2013; Glaser & Strauss, 1967). After purposefully sampling the cases, semi-structured interviews served as the central input for the inductive data analysis. The gathered data was further enriched by internet research on the start-ups, scale-ups, and unicorns studied. While the initial goal of building grounded theory from cases was pursued, the execution of the research design involved several iterations, which especially focused on the process model development and were the result of regular exchanges between the author and his supervisors.

3.1. Research Design

Customer success management specifically has only been starting to become a focus of academic research in recent years (Hilton et al., 2020) and no former research studying it in entrepreneurial ventures has been conducted before as existing research focuses on customer success management in larger corporates or MNEs. In this thesis, the development of the customer success management role was studied with reference to existing observations of role development in entrepreneurial ventures that have investigated how functional roles develop over time (Aldrich & Ruef, 2006; Baron & Hannan, 2002; Blau & Schoenherr, 1971; Greiner, 1972; Miner, 1990).

As this thesis looks to create a novel insights on how customer success management emerges and evolves in entrepreneurial ventures it grounds new theory based on case studies inspired by Eisenhardt (1989) and Gioia (2014). While initially trying to follow Eisenhardt's (1989) suggestion on how to build theory from cases, it must be clarified that the methodology ultimately incorporated inspirations from different scholars and research practices. The approach combined the grounded theory approach (Corbin & Strauss, 1990; Glaser & Strauss, 1967) with previous work on qualitative research methods (e.g. Miles & Huberman, 1984) as well as case-study based research strategies (Yin, 1981, 2009) and incorporated cross-case analyses (Eisenhardt, 1989). Originating from a social science background (Glaser & Strauss, 1967), grounded theory has become relevant as a research method in business research, specifically in contexts that require new theories (Douglas, 2011). Eisenhardt and Graebner (2007) clarify that the key focus of this research style is to develop a theory rather than testing it, which does not mean that theory building from cases is less objective or precise than large scale hypothesis testing based on random sampling. Building theory from cases focuses on exploring areas of interest that current academic research has not covered yet and connect it to existing academic work (Eisenhardt & Graebner, 2007).

Current research has stated the need for more longitudinal studies in the field of role development in entrepreneurial ventures (DeSantola & Gulati, 2017) with the goal to explain how and when a certain role emerges and develops (Alexy et al., 2021) rather than describing specific stages of an organizational design in a rigid way. The evolutionary process model created in this thesis looks to contribute to this demand by investigating the CSM departments of eight comparable SaaS-based entrepreneurial ventures that differ in maturity with the goal to elaborate how the role develops and evolves over time in several phases. Since the ventures were also asked how processes changed over time, the process model may even be seen as an abstracted version of a longitudinal study placing different comparable companies on a timeline and studying the evolution of their CSM departments in comparison to each other. However, when asking questions that thematize past events, potential retrospective biases of the interviewee have to be accounted for (Cox & Hassard, 2007; Graebner, Martin, & Roundy, 2012). Fur-

thermore, the perspective on changes over time allowed to compare ventures that are already more mature in their CSM department with less mature ventures and find patterns and differences in the development of customer success management across different cases.

3.2. Data Collection and Sampling

For the selection of the entrepreneurial ventures to be studied purposeful sampling was chosen as a technique to explicitly identify and select information rich cases relevant to the research question. The cases had to show homogeneity to be comparable (Patton, 2002), which is why only German SaaS entrepreneurial ventures with an existing customer success department were chosen. Across the cases heterogeneity was observed in the maturity of the customer success management departments of the respective entrepreneurial ventures, which the process model was built on.

Collected data in a grounded theory approach can come from various sources (Corbin & Strauss, 1990). In this thesis the main source of data are semi-structured interviews with employees or founders of start-ups or scale-ups that work in customer facing departments or customer success management. According to Bernard (2006) the willingness to participate and the ability to communicate are important when choosing purposeful sampling, which is why the interviewees got assured anonymity of their name as well as their company to foster information sharing before the interview. The interviews were held in the preferred language of the interviewee, which were English and German for the same reason. Due to the ongoing Covid19 pandemic and geographical distances all interviews were conducted and recorded via video call to be transcribed afterwards as support for the analysis.

The semi-structured interviewing method is a way of data collection well suited for exploring perceptions of different individuals with the opportunity to clarify answers that might not have been fully accurate to the question compared to a standardized interview structure (Barriball & While, 1994). The interview guideline (Appendix A) consists of three main parts. First, descriptive information on the company, its customers and the customer management were gathered. Additionally, a longitudinal view was incorporated by asking how customer management processes in the entrepreneurial venture have changed over time. In a second part, the interviewee was questioned on the own perception of customer success as well as the organizational setup of the customer success department. The objective of this part of the interview was to investigate out if the different cases talk about the same concept when mentioning customer success and a prevailing narrative can be identified. The final part of the interview targeted the interviewee's perception of the market, competition, and the role of the own company within the industry to capture how the interviewee perceives the own market position. After formulating the initial guideline, it was pilot tested at the company of the author to improve the questions and inhibit any potential interviewer bias when conducting the interview as suggested by Chenail (2014).

The adjustments are highlighted in the interview guideline (Appendix A).

A total of eight cases (Table 1) was analyzed as data sources in this thesis. Since the six months timeframe of the thesis did not allow for longitudinal study of the cases, but the goal was to create an evolutionary process model, a homogenous sample was created that showed heterogeneity in company maturity. This heterogeneity suggested a potential for the CSM departments of the respective ventures to be also of different maturity. When the samples are relatively homogenous, a sample size between seven to twelve cases is enough to gather sufficient data for inductive analysis (Guest, Bunce, & Johnson, 2006). Following the goal of creating a relatively homogenous sample the entrepreneurial ventures selected had to fulfill the following criteria:

- Founded in Germany,

- founded after 2010,

- offering a software solution,

- SaaS/subscription-based business model,

- having an existing customer success management department or responsible employees for customer success,

- already serving customers with monthly recurring revenue.

In addition to the interview information publicly available information was added to the cases to get information that allows to compare the maturity of the different companies (e.g. number of employees, founding date, VC funding) and enrich the insights given during the interview. Wherever possible the company data was verified with the respective interview partner to ensure validity and accuracy.

3.3. Data Analysis

For the process of data analysis inductive coding was chosen to be fitting with the grounded theory approach of this thesis (Corbin & Strauss, 1990) and carried out as proposed by Gioia et al. (2013). The data analysis process mainly consisted of three steps. As mentioned before, the overall process contained several iteration loops and discussions among the author and his supervisors, where the data was revisited under new considerations.

First, all the interviews were re-read again after transcription performing open coding (Creswell & Plano Clark, 2018; Douglas, 2011) to generate first order concepts that might be relevant for the research question of this thesis. To support the coding progress the software MAXQDA was used. Informational data on the company, which was gathered through the internet and verified during the interview, was added to assess the maturity of the company and its CSM department.

After the open coding was done for all the interviews, axial coding helped to regroup the data to find second order themes, clusters, and relationships between the codes across

Table 1: Case overview.

Company	Software Solution	Interviewee Role	Founding Date	Venture Capital (in Mio €)	Number of Employees	Number of Customers	CSM Department Size (FTE)
C1	Hospital Task Management Software	Founder	2018	1,5	15	10-15	3
C2	Gastronomy Optimization Software	Head of CSM	2017	equity	10	30	3
C3	Procurement Software for SMEs	Founder	2020	6,3	20	8	1
C4	Digital Factory Cloud Software	Head of CSM	2013	96	260	100	4
C5	AI chatbot software	VP Customer Strategy	2016	40	120	200	8
C6	Finance operations software for SMEs	Head of CSM	2019	3	45	120	3
C7	HR Management Software for SMEs	Senior CSM Manager	2015	524	1200	6000	23
C8	Process Mining Software	Senior CSM Manager	2011	1400	2000	not disclosed, estimated 4000+ based on internet research	not disclosed, estimated 20+ based on LinkedIn Research

all interviews. This was the first point, where clusters were discussed between the author and his supervisors and iterated after new points came up.

In the third step the clusters were aggregated to higher order themes that could become components of an evolutionary process model. These themes were compared to the academic literature reviewed before to find resemblances with existing academic findings and significant differences, especially in the fields of organizational design evolution and role development in entrepreneurial ventures.

Drawing inspiration from fellow researchers that have designed process models before, the synthesized data was put into a model with three phases.

3.4. Maturity of CSM Departments

As pointed out before, the cases were purposefully selected to try and create a perspective over time to identify different phases an emerging CSM department in an entrepreneurial venture goes through, similar to what a longitudinal study following a single company over the period of creating and developing a customer success department would do. Comparing the different entrepreneurial ventures' organizational designs as well as their CSM departments, the cases were able to be segmented into three different subgroups corresponding to the maturity of their customer success management departments. Based on these subgroups an evolutionary process model was created with a focus on describing the process of how a CSM department emerges and evolves over time in three different phases. Rather than trying to define clearly distinguishable stages every venture goes through, the different phases resemble a fluid concept of a process model, which blend into each other. This means that an entrepreneurial venture can be situated in two phases at the same time while transitioning and several factors have to be fulfilled for the company to completely transition from one phase to another.

The first subgroup consisted of three cases (C1, C2, C3). All entrepreneurial ventures were younger than five years, served less than 50 customers and had between 10 and 20 employees with usually one employee in charge of customer success. For cases C1 and C2 the employee lead two other employees that were mostly focused on operational tasks. The employee or for C1 and C3 a member of the founding team focusses on building up the department, trying to establish first organizational structures and at a later point in time training the first hires in the CSM department. The major focus of the customer success department of this subgroup was "being pushy with customer success" (C3) while "putting out fires" (C2). The customer success managers were heavily engaged in numerous tasks from technical support to training users as well as regular meetings to check in on their customers. At the same time customer success appeared to be a relatively new terminology in the company and while different ideas were present of what the terminology meant, the role and task definition was still very amorphous and reactive to what customers demanded, indicating a rather low matu-

rity of the overall customer success management department in these ventures.

The second subgroup consisted of three cases as well (C4, C5, C6). The ventures existed between five to ten years since their founding, served a three-digit number of customers and had between 50 and 300 employees. The CSM departments headcount was between three and eight employees, with several employees having multiple years of experience in the venture, often in other customer-facing roles such as technical account management or sales. The customer success management department evolved like the first subgroup out of the engagement and ownership of one employee entrusted with setting up organizational structures for customer success. In all cases said employee that had shaped the customer success department obtained a leadership role in the department over time and while still actively managing customers himself, was focused more on internal strategic development of the CSM department. While first structures were already existing, the strategic focus of the ventures in the subgroup was on achieving scalability and standardization of operational processes carried out by the customer success managers. When compared to the first subgroup, the daily operational work from customer success managers focused less on immediate technical support or implementation efforts, but rather on engaging with the customer to find use cases for the software solution, thus acting rather on the advising than the operational facet of the role. Based on these observations a higher degree of CSM maturity was attributed to the cases in this subgroup compared to the first subgroup.

The third subgroup consisted of only two cases (C7, C8), which differed significantly compared to the other two subgroups in size and by being highly valuated unicorns with the most mature CSM department. Despite not being significantly older than the other cases with seven (C7) and eleven (C8) years, the two ventures had already surpassed what could be considered a scale-up phase and turned into a "hyper-growth company" (C8), which is reflected in the company's numbers as well. Both ventures were in the four-digit numbers when it came to headcount (1200 for C7, 2000 for C8). The same statement held true for the numbers of customers served, totaling 6000 for C7 and while C8 did not want to disclose this number, similar numbers can be assumed based on size and internet research on the company. Compared to the other two subgroups the CSM work was strongly focused on connecting to the customer's long-term strategic goals and creating measurable value with the software solution sold. Former obstacles for scalability such as standardization of onboarding workflows, technical support or user education had been outsourced from a customer success manager's perspective. As a consequence, the customer success managers were able to focus on the areas mentioned above with a stronger focus on advising than supporting in operational tasks. Overall, these factors qualified C7 and C8 to have a more mature CSM department compared to the second subgroup. Furthermore, both companies are considered the only unicorns among the cases based on their valuation and VC funding.

The maturity of the customer success departments did not seem to be dependent on company size in terms of total number employees. For instance, C1 and C2 already had three employees dedicated to customer success management despite having 15 or less employees in total. Opposing to that C4 had four employees focusing on customer success with a total headcount of 260 employees, while both companies had focused on establishing customer success management for about one year. This indicates that the growth and the maturity of the CSM department might to a certain degree be detached from the growth of the entrepreneurial venture itself. Just because the venture starts to scale, it will not automatically put a focus on customer success but could for example be strongly guided by the founders in early-stage decision as suggested by (Mintzberg, 1997). C7 and C8 have larger CSM departments than the other cases. However, compared to the total company headcount the CSM departments of the two ventures were the smallest in relative size accounting for only 1,5% of all employees compared to 5% or higher for other entrepreneurial ventures. This could either signal potential obstacles that are yet to be overcome or a point of saturation in terms of internal demand for customer success managers.

4. Results

This section describes the findings of the inductive research of this thesis, which can be summarized in an evolutionary process model that describes how a CSM department in an entrepreneurial venture emerges and develops in three phases (Figure 2). The model is read from left to right and underlined by a timeline of increasing demand for customer success managers to be staffed on customers in the entrepreneurial venture. In the center grey rectangles with arrows resemble the three phases and the describe state of the customer success management department. The white ovals below the phases symbolize challenges during development. Specifically during the transition of phases, they resemble triggers to move into the next phase and thus stretch over a period of time. Above the phases organizational changes accompanying and resulting out of the CSM development are visualized in dotted boxes. Furthermore, the model is traversed by perception changes of role and company represented in dashed lines.

In this section, first the identified initial triggers factoring into the establishment of a CSM department are outlined. Afterwards, the three phases are elaborated in depth, describing the evolution of the role from a 360° support to a trusted advisor and metrics supporting the role throughout the process. For each phase customer success definition, team structure, task focus, internal collaboration, company perception and challenges are analyzed. Over the course of elaborating on the phases, critical success factors for succeeding with customer success management are pointed out within the different categories. Furthermore, examples as well as direct quotes from the interview support the argumentation behind the process model. As a practical implication to contribute to

the entrepreneurial ecosystem, Figure 4 provides examples of concrete tasks and collaborations carried out by customer success managers through the different phases. In combination the figures 2 and 4 look to serve as a blueprint for future start-ups wanting to build a customer success management department and connect to the goal of this thesis to create entrepreneurial impact.

Lastly, a prevailing narrative on the terminology "customer success" is defined looking to contribute the existing academic discussion on the meaning of customer success in entrepreneurial ventures.

4.1. Initial Triggers for establishing a CSM Department

A CSM department did not automatically seem to be part of the scaling process of customer management in start-ups at a certain point of time. Consequently, different triggers were conjected to factor into the initial establishment and the development of the role. This means that the customer success management role is and will not be present in every SaaS company, which leads to the question: Under which conditions does an entrepreneurial venture begin to invest resources into customer success management?

The most important prerequisite for setting up a CSM department is having paying customers to serve in the first place, since it "does not make sense to deal with customer success, when you struggle to sell your product to your first customers" (C5) or are still in the process of trying to negotiate with pilot projects for a financial commitment. In addition to that, the software solution of all cases seemed to have product-market fit serving a yet unmet need of the customer or being an industry specialized market leader in a certain category of software.

> "I kind of jumped in and said, okay, I will take over the customer success management part." (C5)

Furthermore, the data shows evidence that a strong individual impulse either from the founders themselves (C1,C3) or an individual employee of the sales organization of the start-up (C2, C4, C5, C6) triggered the company investigating customer success. Usually, the individual employee that originated the impulse, had a background in a customer-related team and took over the initial responsibility for investigating customer success. For the cases with more mature CSM departments (C7, C8) the interviewees were not able to recall how CSM was initially established at their company, because they have joined at a stage, where the department was already scaling. In most cases, the individual taking ownership has heard of customer success and had the interest to pursue it in the company. This individual engagement seemed to be important, as for every case in the beginning there was one dedicated employee or founder committing resources into the investigation of customer success under the specific circumstances of the entrepreneurial venture.

The employee impulse for investigating customer success seemed to be the most prevalent trigger for beginning to implement customer success in an entrepreneurial venture.

Evolutionary process model of customer success management in entrepreneurial ventures
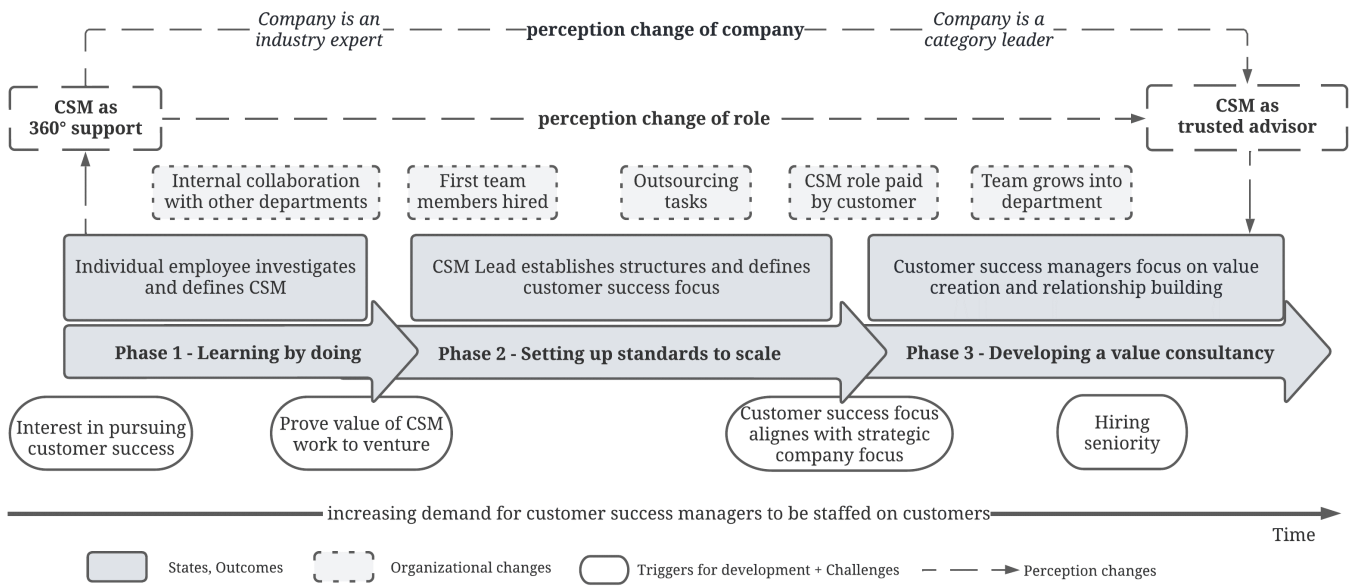

Figure 2: Evolutionary process model of customer success management in SaaS entrepreneurial ventures (own illustration).

Relevant other factors influencing the investigation of customer success mentioned were the own software solution and the customers served. For instance, C2 puts a specific focus on customers in the hospitality industry with a software designed to their customers' needs. The investigation of customer success in this case was triggered by wanting to gain a deeper understanding, if the software solution is providing the value added as intended and be closer to the customer. This company specific focus of customer success indicates a potential reason why there seems to be no generalized one-fits-all approach for setting up a CSM department in a SaaS entrepreneurial venture.

4.2. From 360° Support to Trusted Advisor – Development of a CSM Department

The development of the customer success management department of entrepreneurial ventures can best be portrayed by three phases describing an overarching shift developing the customer success manager from a 360° support to a trusted advisor. The three phases do not have firm boundaries, but rather blend into each other fluently once different triggers or milestones are reached. A supporting overview in which phase the different cases are situated relative to each other can be seen in Figure 3. It is important to notice that the positioning of the entrepreneurial ventures in the model is a subjective snapshot at the time this thesis is written. The CSM departments appear to evolve in a non-linear pace with episodes of rapid growth after overcoming critical challenges followed by a rather levelled growth during the different phases. This makes it difficult to always allocate the entrepreneurial ventures in a concrete phase, with C2 and C5 seeming to be in transition between two phases.

The definition and understanding of what customer success means in the context of the own entrepreneurial venture changed over time. After an initial investigation that leads to a first definition of customer success based on assumptions, the explanation of the terminology grows more sophisticated and distinct over time while being constantly reinterpreted. In the third phase initial statements on the definition may even be revoked as an answer to a change in perspective on customer success and the own company.

The team structure of the department evolved over time starting with a single person with little to no support owning the customer success management role in the first phase. After establishing first structures a small team is built usually led by the employee initially investigating CSM. In this phase all employees are required to strategically contribute to growing the department and must be able to work with little existing structures. In the third phase this team is developed into a department with a double-digit headcount and structures and guidelines to introduce new hires to the customer success manager role.

Over the course of developing the customer success manager role and the department, the tasks in the role description undergo a change as well, which seems to be connected to the change in focus for customer success over time. Overall, the task focus shifts from rather operational tasks that over time will be located in other emerging departments to value-driven, strategic tasks with little to no operational work done by the customer success manager in more mature departments. As certain tasks are discontinued to be a responsibility of the customer success manager it does not necessarily mean that they are no longer necessary or require no employee to deal with due to automation. Accordingly, the
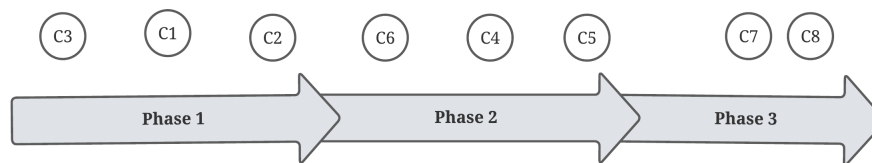
Figure 3: Placement of the sampled CSM departments in different phases of the evolutionary process model (own illustration).

tasks must be relocated to other departments, which might be emerging over the course of the entrepreneurial venture scaling. An overview of the shift in focus of tasks performed by the customer success manager over the course of the department evolving as well as the outsourcing of tasks to other departments can be seen in figure 4.

Additionally, the role of a customer success manager distinguishes itself from other roles in entrepreneurial ventures significantly in the internal collaboration indicated through having task-related connections to almost every department in the entrepreneurial venture. While this might be the nature of things especially in a very early-stage start-up, the ties to other roles seem to persist for the customer success manager even during organizational growth of the venture (Figure 4). With the customer success manager being "one of the biggest knowledge holders in the company" (C4) it is essential to distribute knowledge gained through being close to the customer to relevant departments. Accordingly, this includes the important aspect of product feedback to the product and software development teams, but also feedback loops that might not be as noticeable at first sight. For instance, if the marketing team conducts regular activities like creating press releases or other means of external communications (with the customer), the customer success manager will after at a later stage in time notice how these activities have performed and were perceived at the customer.

Take the first task in figure 4 as an example of the evolution of tasks and collaboration. In the first phase, the customer success manager covers all aspects of technical support, from small bugs to more complex software usage questions. At a certain point, a first-level technical support team is introduced, which is able to respond to bugs and technical maintenance issues across all customers. As a consequence, in the second phase the customer success manager only has to support as a second level support for more complex topics, for example how to concretely use the software given customer-specific circumstances. In the third phase, the technical support task is completely outsourced to a more advanced technical support, which frees capacity for other tasks for the customer success manager. Outsourcing in the context of this thesis is always seen from a CSM point of view. While generally associated with tasks being relocated outside the company, outsourcing in this context means a task leaving the CSM department. In most the cases were relocated to another internal department of the entrepreneurial venture.

Furthermore, the way the own entrepreneurial venture

was perceived by the customer success manager changed over time. Initially seen as a new player to disrupt a certain industry, the self-perception develops towards being a category leader of a new software category pursuing goals for the greater good. This development in company perception over time seemed to have a reciprocal effect and interdependencies with the development of the customer success management department, which signals a need to regularly rethink the self-image during the emergence of the CSM role.

Additionally, over the course of establishing a CSM department challenges were identified, which had to be overcome to transition the next phase. Additionally, these challenges could pose existential blocking points for the role to inhibit growth in customer success tremendously. The time of transition between the phases cannot always be situated to a specific point in time and the importance differs across cases due to a lot of potential influencing variables such as early company structure or available skillsets in the workforce. Hence, the milestones are placed below the phases in the evolutionary process model as triggers to move to the next phase in customer success (Figure 3).

4.2.1. Phase 1 – Learning by doing

After the investigation of customer success is triggered by the initial interest in the topic arising in the entrepreneurial venture, the first phase of developing a customer success department begins. Activities in this phase can be summarized with the label "learning by doing" as the role is characterized by regular changes in tasks and scope and the role description develops quickly with several iterations. The strongest impact in this phase comes from the individual employee owning the customer success topic in the entrepreneurial venture. Often, the responsibility in this phase seems to rest with a single person with only little to no direct support in the form of a subordinate team. As a consequence, a lot of efforts have to be allocated to setting up first structures, responding to various tasks and keeping the workload manageable.

Customer Success Definition

Initially a clear vision and definition of what customer success means in the context is still absent. Consistent with the "learning by doing" label, the employee in charge investigates the topic, most often based on internet research or books. He develops first hypotheses and ideas, how customer success management could look like in the own venture and

Development of Tasks and Collaboration of the CSM Department
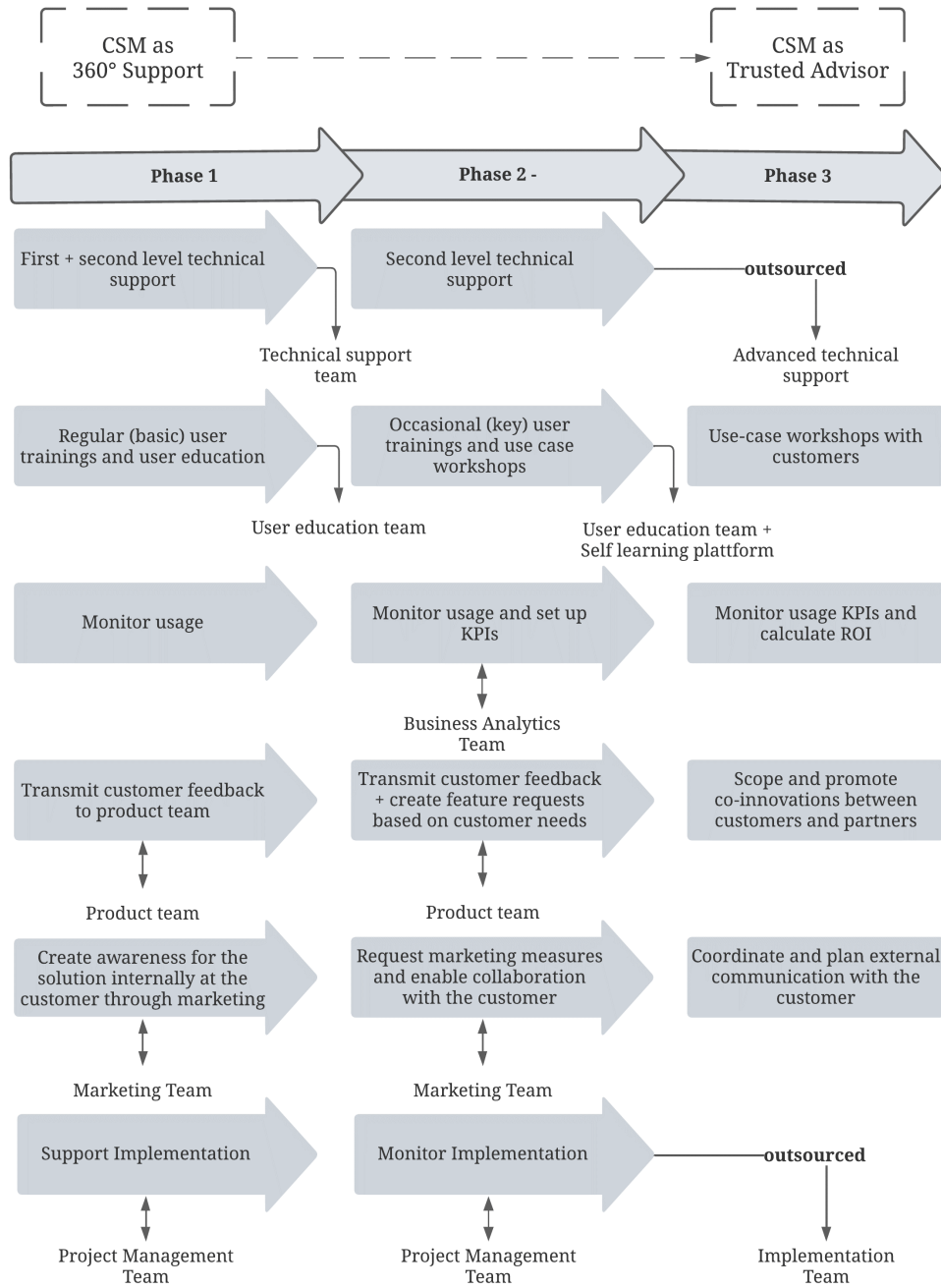
Figure 4: Development of tasks and collaboration of the CSM department over time (own illustration).

what success means with regards to the own software solution.

> *"I think it's supporting and guiding the customer*
> *to get the most out of the solution." (C1)*

Accordingly, the initial definition is greatly influenced by the employee in charge of dealing with customer success. At the same time a clear definition of customer success is yet to emerge, which is resembled in rather broad statements, when comparing different answers to the question "How would you define customer success?" across cases. For C1 customer success was about "guiding the customer to get the most out of the solution", signaling a very strong software point of view for customer success. The definition of C3 stands in contrast to that stating that "in the short-term it should be NPS and in the long-term it should be measurable and basically upselling". While this answer underlines the rather vague understanding of customer success, it also shows a more metric and sales focused point of view as opposed to C1. C2 defined customer success very open as "doing everything that makes our customer successful" and "wouldn't like to make this smaller". Apart from attempting a first definition on the terminology, it is crucial that the employee makes efforts to quickly implement interpretations of the definition into the daily operational work. This help to get a first understanding of the customer success managers job description and supports fast iterations for future development.

Team Structure

In the first phase the customer success management department mostly consists of a single person in charge of investigating the topic, hence a team structure with hierarchies and different responsibilities is usually not existing yet. Either the employee in charge is the only person responsible for handling customer success management (C1, C2, C5) or he has one or two employees or working students as support for operational work (C3, C4, C6). In both cases, the initial lead for investigating customer success needs to be highly capable of structuring tasks and working independently to develop a vision for the CSM role. Experience in customer facing roles, such as account management (C2, C4), or sales (C5, C6), is indicated to be helpful when choosing the employee in charge. Furthermore, it seems to be crucial that the employee has a profound understanding of the entrepreneurial venture and the value provided by its software solution, for example by being part of the founding team (C1, C3). Occasionally the impulse to investigate customer success even comes from the employee himself (e.g. C4, C6), which provides another strong indicator for a capable CSM lead that is willing to shape customer success in the entrepreneurial venture in the long term. Quickly it becomes apparent that not all tasks developing in this phase (see 4.2.1.3) can be covered by a single person. This is the reason why the initial lead in this phase already has to plan a team, mostly one to three people, "to get things done correctly" (C3).

Task Focus

The process of developing a customer success department begins as mentioned above with an individual employee owning the at this point often still very abstract topic customer success. Consequently, the employee in charge has a lot of "groundwork to do" (C3) in shaping early organizational structures corresponding to the newly found function. Initially, the customer success manager will cover multiple tasks that are associated with CSM in the company, regardless of having a small team to work with at the beginning (C1, C2, C5) or not (C3, C4, C6). For example, the customer success manager at an early-stage acts as a technical support by supporting the customer with software problems (C1, C4, C6), a trainer by onboarding new users at the customer, a product specialist by transmitting product feedback to the product team and an analyst by monitoring usage of the software (C1). Furthermore, the customer success manager is often asked to support the project management team with the implementation of the software solution at the customer.

Among these tasks, the early focus point of the customer success manager's work seems to differ. While all cases report to cover the tasks mentioned above at some point of their journey, early on most efforts of CSM focused on one specific task, such as "monitoring usage" (C1, C3) or "welcoming and onboarding the customer" (C2). Shortly after, new tasks close to the initial one were added signaling a first uncontrolled development of the role. The reasoning behind this development could be that if you already welcome the customer, you might as well ask him for early product feedback or remind him about the renewal of the license at a later stage. Over time this ultimately leads to a consistent growth in scope of tasks for the customer success manager until a point where changes have to be made to keep the workload on an acceptable level. As the first front line of customer feedback, the position is exceedingly exposed to new demands and might be prone to simply accepting it as part of the own, still very loosely defined job description.

Internal Collaboration

The customer success management role is in close collaboration with several other departments of an entrepreneurial venture. In the initial phase of developing a CSM department, the customer success manager might easily find himself "kind of collaborating with everyone" (C6) as the position is from early on one of the "key knowledge holders" (C4) when it comes to direct customer feedback. This customer centric perspective is for example relevant for the product and R&D team to improve the software solution, for the sales team in negotiations and lead generation or the marketing team to create targeted content for customers. Arguably, the most intense collaboration in this phase appears to be with the sales focused roles of the organization in the form of regular meetings to align on specific customer topics as well as higher-level discussions, which customers to target in the fu-

ture. In some cases, the customer success manager was ideally also already included in presales activities (C5, C7) to foster easier handover. For the other cases there was a handover of the customer from the sales team to the customer success manager after the point of sale.

The nature of the collaboration in the first phase is characterized by task sharing with other departments and assessing customer needs together. As employee hours in the entrepreneurial ventures are scarce resources, the customer success manager often temporarily takes over part of the responsibilities of other departments to enable faster execution. For instance, if an article about the software solution should be published together with a customer in relatively short notice, but the marketing team does not have the personnel capacity to do it within the next two weeks, the CSM can step in and work on the article himself with some support from the marketing department (C4). With the task itself being not even remotely close to the role description, it provides a suitable example for the uncontrolled task development the customer success manager is experiencing.

Company Perception

> *"We are the new kid on the block, in terms of what we do." (C3)*

In the beginning the own company is perceived very focused and specialized. This can be manifested through being an expert in a specific industry (e.g. hospitality for C2), serving a certain type of users within customers (e.g. procurement departments for C3) or a combination of both factors (e.g. everyone connected to production in the automotive industry for C4). Corresponding to this focus, the software solution is rather specialized on the needs and demands of a certain type of customer as opposed to being able to meet demands of several different type of customers. Nevertheless, the own company is classified as a "Software-as-a-service company" (C1) that has a clear vision for how it wants to shape the industry and the market it operates in. This could for instance be "doing everything with performance management and process automatization in the industry" (C2). Despite being confident to create an impact in the market, the cases showed hesitation when calling themselves a market leader due to a yet relatively small customer base.

Furthermore, the ventures did report to have no direct competitors perceived in the market. Although acknowledging that "you never have no competition" (C1), the start-ups attributed themselves a competitive advantage over legacy players in the industry by tackling a digitization gap (C1, C2, C4). For instance, C1 developed the first mobile software in the market as opposed to comparable software solutions that only operate on a desktop. This was perceived as a differentiation and significant advantage over competition increasing the overall confidence in the own product. The confidence in the superiority of the own software seems necessary for the customer success manager to authentically communicate the value added to the customer.

Challenges

With or shortly after the initial decision to investigate customer success, a crucial topic to be dealt with is the differentiation between the customer success manager role and the rest of the existing sales organization. Since a lot of customer success managers tend to already have experience in customer-facing roles, often even in the same company (e.g. C4, C5), they usually already know how to deal with customers and foster retention. It seems in line with the role description of a customer success manager including being close to the customer that the role automatically owns these topics as well. Although this holds true for C5, in most of the cases the customer success manager was intentionally kept out of license negotiations and contract management. These tasks were the responsibilities of account managers or sales representatives while the CSM was still kept up to date through regular exchanges about ongoing customer contract topics. The argumentation was that the customer success manager did already contribute to retaining the customer by carrying out his day-to-day tasks, which work best as a "trusted advisor" (C2) to the customer. Accordingly, the customer success manager add to retention and churn prevention by creating a close relationship with the customer while at the same time pursuing the goal of "becoming indispensable for the customer" (C4). Combining this with the level of trust built up over time, it just becomes "too annoying to leave" (C6) for the customer due to the comfort provided through the work of the customer success manager. This ultimately leads to a greater probability that the customer will sign a license extension when approached by a sales representative without the need of the customer success manager specifically discussing the topic with the customer.

Furthermore, early on a success seemed highly dependent on having "a power user or anyone who will fight for you internally" (C3). Although this is relevant for later stages as well, not having this single point of contact at the customer actively promoting the own software solution might easily turn out to be a blocking point for establishing customer success at the customer. Similar to the position the customer success manager portrays for the customer in the entrepreneurial venture, the point of contact at the customer must advocate internally for the software solution to enable the CSM to support him. This highlights the importance the relationship building has for the work in customer success management. Additionally, when serving larger enterprises as customers, several points of contacts advocating for the solution at the customer can be beneficial.

4.2.2. Phase 2 – Setting up Standards to scale

Having committed resources into investigating customer success at a certain point the value of customer success management has to be proven and recognized in the company itself to prevent potential crises and allow the CSM department to enter the second phase of developing. Customers

are likely to welcome a new role fulfilling their company specific requirements, initially often only at little to no additional costs. However, within the entrepreneurial venture potential conflicts can arise out of the question: Why are we doing this, if it actually costs us money and the customer is already paying for a license? Hence, it is essential the customer success department one the one hand communicates its goals and tasks internally and on the other hand proves the value through tangible results. Potential ways of achieving internal acceptance are communicating improvements company-wide through internal platforms or townhall meetings (C4), supported by tangible evidence such as increased usage numbers, positive customer feedback or improved processes (e.g., easier or faster implementation of the software, faster troubleshooting).

After ensuring the value of customer success management is recognized within the company, similar to the evolutionary process of scaling for an entrepreneurial venture, the CSM department has to prepare for growth and grow out of the 360° support role it has been executing until this point. Consequently, especially the sum of tasks has to become more manageable to be able to easily onboard new employees in the department and furtherly scale up customer success in the entrepreneurial venture.

Customer Success Definition

In the second phase, a first idea of what customer success is has emerged on the one hand through working in the field and on the other hand by being more receptive to input regarding the keywords relevant in the field. Compared to the initial, rather superficial definition, customer success now develops into a more sophisticated concept as interviewees of cases in later phases were able to elaborate more on the topic and differentiate aspects. For instance, C4 reported that for him it is crucial for customer success to build a close relationship with the customer to act as a link between the own venture and the customer. A customer can only be successful if you are "in a regular exchange where the really important topics and developments are discussed" (C4). Hard KPIs, as for example a high user number, are important indicators, but do not necessarily have to indicate success at the customer for him, but always need the personal, close relationship to support it. While C6 extends this relationship-focused definition by focusing on what the customer is trying to achieve with the software solution, C5 creates a contrast to this definition. The interviewee states that through a "lot of handholding" (C5) performed, a successful customer will ultimately try a long-term contract, which signals a rather sales focused definition of CSM. This ambiguity signals once more the impact the CSM lead and the focus of the entrepreneurial venture have on customer success as in this phase the definition becomes more company-specific and might not relate to the literature initially read when investigating customer success anymore. Consequentially, the own definition from the first phase is questioned and iterated based on the goals of the entrepreneurial venture.

What all customer success definitions in this phase had in common, was a focus on enabling the customer to perform best with their software solution and use it to its fullest potential. This corresponded to a shift in task focus and was aligned with the overall idea of scaling the department in this phase.

Team Structure

To be able to scale the CSM department the initial employee investigating the topic needs support and begin to build a leadership role. As the initial value has been proven to the company, a certain degree of financial backup to support the growth of the department exists. If not already done in the first phase, now a first job advertisement for the customer success management position is posted. New hires are handpicked and have to meet high demands, because they have to be able to work with no or partly existent structures in an often fast-growing company. Furthermore, they have to be capable of supporting the CSM lead in scaling the department as a sparring partner for feedback and ideally provide own input on how to grow the department. An ideal candidate to consider would bring experience in customer success management or another customer-facing role into the entrepreneurial venture. Already having industry experience either in the industry of the entrepreneurial venture or the industry of its customers is beneficial too. Additionally, working students or interns can be hired to specifically focus on topics contributing to the growth of the department (C4), such as for example building a KPI tracking for the software or documenting structures. Nevertheless, it can be stated for the German market at the time the data was collected that a scarcity in candidates can be observed with numerous entrepreneurial ventures and established companies looking for customer success managers on platforms such as LinkedIn. The increase in demand for the CSM role Vaidyanathan and Rabago (2020) have pointed out seems to have continued, as every case interviewed was also actively hiring in their customer success department.

As mentioned before, the customer success management lead that usually also set up the CSM department in the first phase should in this phase ideally try to leave operational topics to his newly formed team. This lets him put his focus on strategic topics as well as setting up a plan how to exchange the knowledge on customer success all employees gain within the team. Furthermore, since the CSM lead might suddenly find himself in his first leadership position with staff responsibility, investigating management practices and regularly asking for feedback seem to be important factors as well.

Task Focus

> *"Because we're now into three figures of customers, stuff that might have worked before doesn't really work anymore as it's not scalable." (C6)*

Occasionally unnoticed by himself, the employee in

charge of shaping the CSM department of the entrepreneurial venture might find himself in the process of restructuring the task description of the role rather sooner than later. Having gone through a relatively uncontrolled functional development involving several iterations and negotiations with other departments the CSM role seems to be well equipped with numerous, different tasks. At this stage the employee in charge will likely push for growing the team and hiring first employees as well since a first formal job description should have emerged. Having established first working routines in the department and onboarding concepts for new employees that describe the day-to-day tasks a CSM must fulfill, a first substantial shift in task focus begins to crystallize. Some tasks, such as giving user trainings or technical support are considered to be not part of the customer success management role anymore, but rather other, often newly emerged departments are relied upon to take over this role. For instance, C4 reported that he expects the newly founded user education team to take over trainings in the future that are currently still carried out by customer success managers, which signals a change in perspective on the own role description. Tasks begin to become more abstract, as technical user trainings become use case workshops and the position is described more abstract as "being at the pulse of the customer" (C4) or "deep diving into the customer" (C5). While tasks such as "being responsible for the onboarding cycle" (C6) still persist at more mature stages, other time-consuming operational tasks, such as for example first-level technical support were outsourced as quickly as possible (C4, C5, C7, C8). Contradictory to this observation, the support ticket tasks for C6 persisted despite showing strategic growth of the CSM role over time. Although being one of the earliest tasks to be outsourced for most other cases as it was potentially very time-consuming and easy out outsource, for C6 it resembled part of the central goal for the customer success manager to be the "point of contact for the customer, ideally in a somewhat competent way" (C6). The reasoning shows a rather quantity focused approach to the CSM role with the highest number of customers served per customer success manager at C6 being 67. While the differentiation of C6 easily be seen as a company specific exception, it could also hint at the need for customer success as a general terminology to be loosely defined as it has to suit different company or customer definitions of "success".

Internal Collaboration

Corresponding to shift in task focus, the way the CSM department collaborates with other units of the entrepreneurial venture changes as well. Some tasks are completely handed over to other departments, for others the collaboration changed with the customer success manager leaving the rather operational aspect of the tasks to another role. Furthermore, the customer success manager is latest now established in a dedicated department within the sales organization of the entrepreneurial venture, as it might at an earlier stage still have been part of the product department (e.g.

C1). Regular exchanges on a bi-weekly or monthly basis with the product, sales and marketing departments are the customer success manager's opportunity to share information and coordinate efforts across customers together. While sometimes the customer success manager has to still operationally help out, he will in this phase rather request concrete measures from other teams and discuss the execution.

The biggest shift for the customer success manager is that the venture usually has set up some sort of first level technical support in this phase, which the customer or users at the customer can contact for assistance. The support positions will still be in exchange with the CSM department, but customer success managers now focus more on second level technical support for higher level problems. In addition to that, the customer success manager has ideally set up an internal knowledge sharing platform at the customer (e.g., in the intranet), where users can find information such as frequently asked questions or guides how to use the software (C4). This shift in collaboration and carrying out technical support tasks frees up a lot of capacity for the role to strategically work on shaping customer success. In addition to that, software implementation and user trainings are starting to become the responsibility of other departments such as the "implementation team" (C7), "user education" (C4), or an "onboarding team" (C5). Due to the gained experience in these fields, the customer success manager shares his knowledge and supports, but does no longer commit as many resources into these collaborations as opposed to the first phase.

In this phase the collaboration with the product and development team becomes very important. Since the customer success manager is arguably the biggest knowledge holder when it comes to direct, unfiltered customer feedback, it is crucial that he distributes this feedback into the product team as the department will at this stage have an own roadmap how and when to develop the solution. Moreover, out of all customer facing roles the customer success manager is best fit to synergize different customer needs into potential new product feature request and communicate it to the product team. The product team can then factor this information into the product roadmap, ensuring a customer-centric product development in the long run.

Another department emerging in this phase might be a business analytics team, looking to professionalize the tracking and measuring of KPIs. For measuring software usage, the CSM department will closely collaborate with this department and likely also put operational efforts into creating KPIs themselves (C4, C5).

Company Perception

> *"We try to change our perspective now, as we have changed a lot." (C5)*

Self-perception of the entrepreneurial venture undergoes a big change in this phase and should do so in order to pre-

pare the customer success department for a long-term sustainable growth. If not already happened, in this phase the venture lets go of the "start-up" image and defines itself as a "scale-up" (C4). The growth of the own company is recognized through professionalizing and standardizing ways of work, which is also reflected in the CSM department. The entrepreneurial venture itself also begins to see itself pursuing higher goals in addition to increasing revenue and profit, such as for example "trying to become a thought leader in the field" (C5). This perspective change has to be incorporated into the development of the CSM department since it factors into the definition, what makes the company successful. Knowing the answer to this question is the prerequisite for a customer success manager to be able to assess, what makes the customer successful and how the own software solution can contribute.

Regarding market position, the own perception also shifted. The own market experience is well recognized with ventures even attributing themselves "some kind of legacy" (C5) despite being less than ten years old. This self-image shift is accompanied by a high degree of confidence in the own "agile and competent people that want to achieve something" (C4) signaling that the venture is able to set realistic goals due to market experience, but still pursues challenging goals, which should also be the attitude of the CSM department.

Nevertheless, the entrepreneurial ventures at this stage seemed to be very aware of the competition in their field. Despite being confident to be better than competitors, for example by customers switching to the own software solution from a competitor (C5, C6, C7), best practices at other ventures are also recognized. For instance, although considering the customer success work very successful, C6 compared the own tasks to be "not as scale" compared to competitors. Accordingly, being aware of the competition regarding advantages and disadvantages seems to be another critical factor to succeed with customer success in an entrepreneurial venture.

Challenges

Corresponding to the initial challenge in the first phase a major discrepancy among the cases was the organizational boundary between the CSM department and the sales organization of an entrepreneurial venture, which indicates an ongoing challenge in structuring the sales organization. For some cases the customer success manager was (ideally) already included into pre-sales activities while for others there was a strict separation where "sales just focuses on new logos" (C5) and the customer success manager steps in after the point of sales and manages the retention. Another potential way of dealing with the ambiguous responsibility was introducing the role of a "pre-sales consultant" (C4), which was designed to take over the scoping process with the customer and build a bridge between customer success, project management and sales. While the structures might differ according to company specific needs and circumstances, it is important to have a scalable approach to ramp up customer

success management for future customers to be targeted and served. A failure to do so could lead to a discrepancy between newly acquired customers and the ability to provide them with customer success management for long-term retention. At the same time, potential crises can arise when negotiating tasks between departments internally, as roles are still rather loosely defined, and no one wants to be overloaded with work.

Lastly, in line with the initial challenge of having a point of contact at the customer that promotes the software solution internally, it has to be defined when to staff a CSM on a customer with which capacity, as likely not all customers can be served, at least not in equal quality. While one might easily opt for staffing customer success managers on the customers with the highest revenue or business potential, disregarding soft factors such as the engagement of the point of contact at the customer can seriously inhibit or even block efforts of the customer success manager (C4). Opposing to that, providing every customer with a customer success manager as C6 does, might result in a less close relationship with the individual customer and the CSM being rather a 360° support role as in the first phase.

4.2.3. Phase 3 – Developing a Value Consultancy

After proving the initial value of the CSM role in the company, to reach the next phase it is crucial that the target and vision of the customer success management department aligns with the long-term strategic goals of the top management of the entrepreneurial venture. For instance, if the goal of the company is to penetrate and grow existing large-scale enterprise customers and capture their business potential, the CSM department should also follow a quality over quantity approach meaning that a single customer success manager likely only serves a handful customers and is thus able to invest more time into the penetration of a single customer (e.g. C4). In contrast to this, a strategy could also be to pursue acquiring as many new customers as possible with every customer having a customer success manager as a single point of contact. Naturally, the quality of the individual work with the customer would have to give way to a more quantitative approach to be able to deal with the number of customers. The actual strategic roadmap of a venture would likely never fully incorporate to be one of the two extremes, but rather a mix or an attenuated version of either one of them. Nevertheless, it is important to spend efforts into defining the CSM strategy, before growing the team from the second phase into the department in this phase, as scalability is a key factor to reach the third phase.

In line with the overall development so far, the third phase of developing customer success management in an entrepreneurial venture is highly focused on generating (measurable) value and takes the longest time to reach. While the terminologies consulting or advising was mentioned by all cases across the three phases, this is the phase where the actual work actually becomes very similar to consulting due to the external perspective and strategic focus the customer success manager has developed.

Customer Success Definition

The definition of what customer success is, and the perception of customer success management undergoes probably the biggest change coming into the third phase. Customer success in this phase redesigns itself with a strong focus on "value". While the terminology itself can have multiple meanings and was mentioned 92 times across all interviews, in this phase the definition of customer success truly reflected the focus on value generation. Not only do customer success managers seem to focus on the most valuable customers in terms of business potential (C7, C8), but all efforts of customer success are streamlined towards creating value at the customer. A big factor influencing this shift is that in this phase customer success management is a role paid by the customer, which is ideally already active during pre-sale activities (C7) or staffed later when the software solution is already implemented. As the customer is now paying not only for the software license but also for the customer success manager, he wants to see a return on his investments, resulting in the focus on creating measurable value. However, a second, more subtle effect seems to accompany this development. As opposed to the former phases, the customer success manager no longer has to convince the customer of the value added through the software solution, but rather switch the focus to implementing said value added with regards to customer-specific needs. This assistance and the expertise of the customer success manager in creating value is what the customer ultimately pays for and expects a return of invest upon. Complementing this focus, customer success is defined as having a "strong partnership" (C7) or "close relationship" (C8) with the customer, shifting the focus even more towards advocating for the customer within the own entrepreneurial venture rather than needing to promote the usage of the own software solution.

For C8 the entrepreneurial venture even chose to rename the position of the customer success manager to "customer value manager" at a certain point in time, showing the focus shift of the customer success definition even in the role description. This signals the importance of constantly iterating customer success terminologies, even if it might seem trivial as in the example of changing the job title by one word.

Team Structure

Starting with an individual growing a small team around a leadership position, the CSM department now really has scaled in terms of headcount with double digit numbers. Although still being relatively small in size when compared to the total number of employees of the entrepreneurial ventures studied (Table 1), there is a need for the department to have team structures as well as onboarding routines established in the second phase. The customer success management lead has now really developed into a managing position and can no longer personally guide and onboard every new hire of the company. Structures have to be set up in the

second phase that should incorporate the regular exchanges within the customer success team, with other organizational departments and how to set up a relationship with your customer. As opposed to the second phase, new hires should rather know where to start with their role rather than being asked to support in shaping the role and figure out the daily work of a customer success manager on their own. Nevertheless, the profile the entrepreneurial venture is looking for should still be the profile of a fast-learning generalist, ideally equipped with the ability to quickly understand new, complex technical matters and know how to deal with customers.

Task Focus

As the process of (re)structuring the CSM department continues, the formerly uncontrolled development of tasks becomes mitigated and transitions into a more planned and controlled evolution of the functional role and its responsibilities. Now the focus of customer success management from a task perspective is to try and automate or outsource tasks that limit the scalability of the department due to manual, operational labor of the customer success manager. For example, where customer success managers formerly had to give regular software trainings as live webinars, a user education platform with online self-training can free the role of this recurring operational task (C8). Tasks might also be outsourced, often internally to other departments, such as for example a dedicated first-level technical support department that allows the CSM to only act as a second-level technical support for more complex tasks and rather step into a supervisory, less operational role (e.g., C4). At this point standardized onboarding flows for new customers are well established to further increase scalability over a growing number of accounts. The freed capacity through automation, standardization and outsourcing of tasks is funneled into a strong focus on elaborating concrete software use cases with the customer to create measurable value through the software solution. Furthermore, the monitoring of usage is professionalized and supported through software tools that allow to get measurable insights on usage, for example through cookie tracking (C4).

> *"We act as a trusted advisor for our customer."*
> *(C7)*

The process of restructuring the department "ends" with the CSM role becoming increasingly closer to the role of a consultant or advisor for the customer, which is also manifested through the fact that having a customer success manager has now become a service the customer is paying for (C7, C8). This factor has a severe impact on the center of attention for customer success management. The focus of the customer success manager now lies on "creating value at the customer" (C4) and what was earlier classified as operational tasks is now completely absent in the functional scope of the role. Value creation in this more mature stage of a CSM department is for example manifested by thinking the uses cases

mentioned before one step further. While at an earlier stage it might have been sufficient to only establish software use cases for the purpose of achieving a growth in usage, now the use cases must ideally create a measurable return on invest. This demand comes often from the customer side and seems tied to the function of the customer success manager being paid by the customer. It is still essential for customer success to have "these close relationships with their customer" (C8), while it is important to notice that the role now becomes somewhat of a more exclusive service only offered to the customers with a high business potential (C7). This is only possible, because administrative and operational topics such as software implementation, onboarding and training are no longer part of the role description of the customer success manager. Smaller customers are still be served by the software company, but the relationship management is now the responsibility of other departments the CSM department has sometimes little to no strings to.

Internal Collaboration

In the third phase internal outsourcing has happened and the organigram of the entrepreneurial venture now pictures a lot of specialized departments that are focused on different customer management responsibilities, such as for example implementation, onboarding, technical support, or business analytics. The customer success management department is now truly focused on delivering feedbacks to other departments and on having close relationships with their customers. Therefore, collaboration no longer happens on operational topics but rather means exchanging knowledge in regular update meetings. Aligned with the focus on creating value and connecting strategic development of the customer, the customer success manager looks to connect internally with other customer facing roles to find synergies for customers he is responsible for. An example would be partnering up and creating "co-innovations" (C8) between the own software solution implemented at the customer and another software company.

Company Perception

The self-perception of the entrepreneurial venture by the customer success manager in this phase is highly influenced by the growth and reputation of the entrepreneurial venture. The company at this stage is likely to have surpassed the initial scaling phase but is yet still perceived as a "hyper growth company" (C8). At the same time not only the growth dimension is visible in the organizational size, but the solution offered it is now seen as "pioneering a whole new software category" (C8) giving the company the status of a "category leader" (C7). Additionally, companies add the pursuit of higher goals to their strategy such as "giving back to society through a foundation" (C7) or aiming to "build a Silicon Valley company in Munich" (C8). Realizing this shift is relevant for the customer success management department as it comes with opportunities, challenges, and requirements to be considered when serving customers.

As a customer success manager, you can sometimes assume that customers already know about your solution and expectations might be high due to extensive marketing campaigns and well-known, public success stories of implementing the own software solution with measurable value and return on invest. Hence, when working with the customer the focus has to be meeting the expectations of the customer rather than raising them. This emphasizes once more, how important the initial relationship building and maintaining it over time for the customer success manager is and the high requirements demanded from the role. However, in this phase the customer success manager also benefits from the existing use cases by having several blueprints, examples or best practices of established software use cases that are likely to serve as inspiration or even be fully applicable to the new customer, making the job of finding valuable use cases easier.

Challenges

When growing the team from a single digit number of employees into a whole department (C7, C8) a need for seniority in the CSM department among new hires emerges since the initial employee managing the department can no longer provide his experience to every new employee in a sufficient way. This stands in conflict to the fact that the role of the customer success manager is still relatively new and has experienced a severe growth in demand over the last years (Hilton et al., 2020; Vaidyanathan & Rabago, 2020). But how do you hire seniority, where no potential employees with multiple years in the exact position exist? The answer to that question could lie in actively reaching out to generalists. A potential example of a promising profile could be former management consultants that ideally have a background in sales, which, as mentioned above, can be helpful when professionalizing customer success management. Furthermore, hiring from other customer facing roles can provide new input and "a fresh pair of eyes" (C7) for the customer success management department in the entrepreneurial venture. Nevertheless, as MNEs and bigger companies are investigating into customer success management as well and can potentially offer a more attractive compensation with higher job security, the fight for entrepreneurial ventures over candidates for customer success management positions seems unavoidable.

Apart from hiring promising candidates, the biggest challenge is the aforementioned focus on value in this phase. While successful examples of software implementations already exist and might be transferred to other customers, the customer success manager might find himself being suddenly measured by "hard" KPIs as opposed to "softer" measurements, which were able to satisfy customers as well as the own management of the venture before. A CSM might even have put forward statements on feasible use cases at earlier stages that have been slightly exaggerated and could now be called for it. This pressure has to be handled by the individual and amplifies once more the high requirements demanded from the role of a customer success manager in an entrepreneurial venture.

4.2.4. Metrics to measure Customer Success

As mentioned before, across the phases customer success management looks to utilize various metrics to support the own role in day-to-day operations as well as proving the value of the role to the own company and the customer.

Across cases a three-fold approach was able to be observed. Every entrepreneurial venture tracked some form of software usage with industry standard SaaS KPIs, such as DAU (daily active users), MAU (monthly active users) or stickiness (DAU/MAU). Furthermore, well-known customer satisfaction metrics such as CSAT (customer satisfaction score) or NPS (net promoter score) were widely distributed and used. As a third factor, metrics based on software-specific usage extended the general usage metrics, like for example tasks accepted in a clinical task management software (C1) or conversations for an AI chatbot software (C5). This provided insights to the CSM, if the software was used as intended.

More mature departments (e.g. C4, C5, C7, C8) aggregated the metrics named above into a single customer health score, which served as a regular basis for evaluating the situation at the customer and the work of the customer success managers. The most mature departments in the third phase (C7, C8) also had their own CSM work performance measured by monthly recurring revenue (MRR) or return on invest (ROI) calculations, signaling a more revenue-driven than usage-focused approach at later stages.

A prevailing approach when first setting up metrics in a customer success management department with little experience is to orientate seems to be to initially rely on well-known SaaS KPIs for software usage and grow the metrics to be more software-specific and sophisticated with the evolution of the department.

4.3. The Customer Success Narrative

After asking every interviewee the question "How would you define customer success?" one observation became apparent: There seems to be no ubiquitous definition for what customer success management is. A potential reason for that could be that the definition for "success" often seems to be intricately linked to the specifics of the respective entrepreneurial venture and its software solution. While not having an abstract, universal definition for a certain position likely holds true for a lot of other organizational role definitions, there was evidence in the interview for a prevailing narrative that comes close to a fluent definition for customer success.

Most interviewees showed signs that no definition found online or in books about customer success management really fit their own day to day operations, as "it really depends on what you are trying to achieve with your software" (C6). Hence, every interviewee came up with a rather solution-specific, distinct definition of customer success that was based on the own tasks. For instance, the answers included "handholding" (C5), "getting the customer productive on your solution" (C2), "supporting, but especially guiding the customer" (C6), "being an expert" (C4) and "building a close relationship" (C7) or "strategic partnership" (C8). While these quotes resemble only a fraction of the answers, it becomes evident that different associations with the terminology arose for different employees with the same job position. What, however, every answer had in common, was a very customer-centric view that seemed self-evident to the interviewees. The word "customer" was mentioned 30 times across the interviewees' answers to the question and sentences like "of course customer success is about taking a customer perspective and make them happy" (C4) indicate though the casual way of mentioning the customer-centric perspective that this could be a main constituent to the narrative. At first, this observation might seem obvious, since "customer" is part of the terminology "customer success". However, the major difference to other customer related terminologies such as "customer relationship management" seemed to be that achieving customer success is about putting oneself "in the customer's shoes" (C8) and "maximizing the return on invest for the customer" (C5).

> *"The goal of customer success to understand what a customer defines as success." (C8)*

Therefore, the definition of customer success has to include what "success" should mean under the light of the venture's software solution, a task which the customer success lead has to investigate over time and align with the company's goals. For instance, customer success for one venture could mean a profound usage of the software for all customer employees, for another venture you want to enable specific power users to use your solution to the full potential while caring less about the total number of users or penetration of the customer company. In addition to that, the influence of the customer the software was sold to and the user actually using the solution not being identical poses another obstacle when trying to achieve and define customer success. The customer success manager might not have direct access through users or at least has to go through the customer he wants to make successful. While the customer might also likely have the user's success as a priority, it does not necessarily mean he knows what makes the user successful. This opens up the challenge of user success for the customer success manager as well with the goal in mind that if the users of your solution are satisfied you will likely also retain your customer.

5. Discussion

Academic research has found evidence for roles in entrepreneurial ventures to become clearer defined and specialized over time, which is usually reflected through a narrower task focus and more precise functional role descriptions (DeSantola & Gulati, 2017; Miner, 1990; Tsouderos, 1955). As shown by the evolutionary process model after emerging as a variable support role the customer success manager develops into a role that can be compared to an advisor or consultant.

"Customer Success Managers are Generalists."
(C4)

The focus and understanding of customer success management becomes increasingly distinct and company-specific over time. However, when observing the development of the tasks performed by customer success managers through the phases (Figure 4), it seems that the role nevertheless requires a broad perspective to be carried out effectively. Moreover, the functional role description grows more precise over time, which complements existing research. However, the customer success management role appears to incorporate a certain ambiguity in its specialization. By becoming more of an advisor than a support role, the specialization gains an abstract dimension compared to other roles as it seems to still require a very generalist employee profile and people "with empathy that are able to understand the customer" (C6). In addition to that, the role must always take a customer perspective and align the expectations with the capabilities of the own software solution. Over time and after changing into a role that is paid for by the customer, the customer success manager seems to become a direct point of contact to the customer's company within the entrepreneurial venture. This signals a perspective shift of the CSM to a much broader level over time and stresses the role shift towards a consultant, which often considered a rather generalist job role.

This thesis supports existing research by finding that the role structure of the CSM role in the beginning is loosely defined and unstructured and grows more distinct and organized over time (Aldrich & Ruef, 2006; Gaibraith, 1982; Leavitt, 2005; Mintzberg, 1997). Key factors are communication and collaboration with other departments and efficiency in task management is important to overcome the challenges of growing the department (Blau & Schoenherr, 1971; Flamholtz, 2016; Gaibraith, 1982). Extending the research of Miner (1990) that roles are highly influenced by individuals in the position, this thesis finds evidence that a high-performing, capable individual could be a prerequisite for the CSM role to emerge. A high number of cases (C1, C2, C3, C4, C5, C6) showed strong individual influences factoring into the definition of customer success and the CSM role with the employee responsible for investigating the role becoming the managing position later on as well.

Referencing the question from Alexy et al. (2021), when and how structural organizational change does occur, the role 'customer success manager' emerges out of a strong intrinsic motivation in the entrepreneurial venture. An additional dedicated individual engagement seems to be the initial trigger for the emergence of a customer success management department. Over time, for a CSM department to successfully evolve from a support-based allrounder to a revenue-generating advising role, further criteria for success appear to be regular questioning and iterating of status quo processes. Stagnation in the development of the CSM department could likely lead to failure, similar to the overall challenges in development of an early-stage entrepreneurial venture (Åstebro et al., 2014; Dahl & Sorenson, 2012).

For the start-ups and scale-ups with more mature CSM departments (C4, C5, C6) the employee that took over the initial ownership role had occupied the team leading management position. This could signal an extension of Miner's (1990) findings that structural change in an organizational design must not necessarily evolve out of predefined goals but can evolve around a certain person fostering the creation of idiosyncratic jobs. In the context of customer success management this dynamic seems to have an additional ambiguous dimension. On the one hand, it seems essential that the individual owning the customer success topic has an employment history in a customer-related position in the company's organization, which held true for all cases. On the other hand, for the second subgroup of cases (C4, C5, C6), where customer success was starting to get more mature, no case existed, where an employee had not been a part of the company for a substantial part of its lifetime since founding. While this could be a characteristic exception due to a small sample size, it could also signal a critical success factor for establishing a CSM department in the first place: an experienced employee that must be retained over the period of growing a CSM department. If the initial employee would leave during the second phase of scaling the CSM department, the growth could potentially be inhibited.

Ultimately, in the third phase the customer success management role focusses a lot on relationship and value. Hilton et al. (2020) ask, if customer success management is the next evolution in customer management practice. In fact, it seems that customer success management is the next evolution of customer relationship management. The definitions of CRM focus largely on getting data based insights into the customer and establishing processes to initiate and maintain customer relationships (Reinartz et al., 2004). CSM takes this definition one step further, by not only maintaining the relationship, but actively engaging with the customer as a trusted advisor. Hence, it is a new role emerging in the field of customer management looking to be defined through future entrepreneurial ventures and academic research. From an internal collaboration point of view, it can be hypothesized that roles will over time rather connect to fewer functions and focus on their specialized functions. For the CSM role the close connections to other departments remained a constant factor over time. However, the tasks accompanying the collaboration shifted from collaborating with the department in operational tasks to rather distributing information and managing stakeholders.

Moreover, Vaidyanathan and Rabago (2020) state that it is the customer success managers task to close the "consumption gap" (Wood, 2009, p. 1) between the customer's knowledge and the potential of a company's product. The observed focus of customer success management on generating measurable value with the software solution at the customer, for instance by calculating ROI or measuring usage, provides support for this statement. Potential ways of closing the consumption gap could be the demonstration and implementation of software use cases at the customer in combination with setting up KPIs that measure value, such as increased

usage or return on invest calculations.

Overall, the results of this thesis provide academic theory on the development of a customer success management department in a SaaS entrepreneurial venture that can also serve as practical inspiration for companies looking to investigate the topic.

6. Limitations and further research

The results of this thesis provide new insights into customer success management in entrepreneurial ventures and showcase a tangible example how a functional role develops over time. Nevertheless, limitations of the research methodology and analysis of the data have to be considered. This chapter will highlight potential limitations and provides suggestions for areas future research could explore building on the results of this thesis.

Although the sampling of the cases was tried to be as homogenous as possible to allow to draw comparison, sampling German SaaS start-ups, scale-ups and unicorns does not represent the whole landscape of entrepreneurial ventures. In addition to that, only entrepreneurial ventures with a customer success management department were studied. While this allowed to ground the evolutionary process model and the findings in this thesis, future research could look into comparing entrepreneurial ventures with and without a CSM department in their development and performance over time. Additionally, customer success management does not necessarily have to be a concept tied exclusively to software products (Vaidyanathan & Rabago, 2020). Despite seeming especially relevant in the SaaS sector, studying CSM exerted in other business model or product contexts could add additional layers to the overall understanding of customer success in general.

Moreover, the need for longitudinal and larger studies DeSantola and Gulati (2017) have pointed out is highlighted once more over the course of this research. The methodology of this thesis tried to incorporate a fabricated longitudinal approach by asking for past developments and choosing heterogeneity in company maturity. While the cases were chosen specifically to fit different maturity levels, studying an entrepreneurial venture that sets up a CSM department over a longer period of time could provide significant further insights into the emergence of the role. As only a snapshot in the company's development was observed, much remains to be learned on how organizational units such as the CSM develop further over time. Although many cases reported the challenges they were or are going through while setting up the department, a retrospective bias of the interviewee must be considered. Furthermore, the path of development was not completely possible to track back for C7 and C8 since the employees interviewed joined at a time when the department already had scaled into the third phase. Therefore, some triggers to reach the last phase and scale the CSM department might not have been captured by the process model proposed by this thesis. Again, a longitudinal study, which ideally accompanies a start-up until it becomes a venture of compa-

rable size to C7 and C8, could provide interesting insights on the success factors of CSM and entrepreneurial venture scaling in general. Furthermore, since the customer success management role is rather young it is impossible to know if potential later phases after the third phase might exist since no several decade old customer success management department exists yet as opposed to other departments of organizations that have been studied longitudinally.

The results of the thesis highlighted the importance of individual employee engagement, when setting up a customer success management in an entrepreneurial venture. Nevertheless, it was only an observation resulting out of cross-case analyses utilizing the interview data. Future research could further investigate this observation and build on research on idiosyncratic jobs (Mintzberg, 1997) emerging in entrepreneurial ventures.

In addition to comparing entrepreneurial ventures with and without a CSM department, another promising research string could be to investigate how and if other customer facing roles, like for example project or account management, may carry out customer success tasks. Companies might actually already perform a variation of customer success management without knowing it and just label it different, as opposed to mislabeling non-CSM roles as customer success manager roles (Zoltners et al., 2019). This would also explain the absence of the customer success terminology in academic work observed by Hilton et al. (2020), as the contents could potentially overlap with existing research under different terminologies.

From the perspective of this thesis future research building on the results could take two main perspectives as starting points – a longitudinal approach studying the impact CSM has in an entrepreneurial venture or the abstract definition of customer success management within the context of customer management practices.

7. Conclusion

As a conclusion, this thesis provides grounded theory on how the customer success management role emerges and evolves in SaaS entrepreneurial ventures based on inductive qualitative research on eight German SaaS start-ups, scale-ups, and unicorns. Existing research has examined the complexity of organizational growth in entrepreneurial ventures, ranging from the pressure of scaling to the challenges of constantly responding to crises by iterating organizational design (Davis et al., 2009; Eisenmann & Wagonfeld, 2012). Additionally, roles in entrepreneurial ventures are characterized by undergoing continuous development and become clearer defined over time (Aldrich & Ruef, 2006; Baron & Hannan, 2002; Tsouderos, 1955). Roles change as a response to crises as well and might be severely influenced by individuals carrying out the functional position (Miner, 1990). Customer success management is an emerging role in customer management, drawing upon existing concepts, such as customer relationship management, customer experience and customer engagement by focusing on enabling the customer to use the

own product to its fullest potential (Hilton et al., 2020; Porter & Heppelmann, 2015; Vaidyanathan & Rabago, 2020).

Combining entrepreneurial role development with the newly emerging role of the customer success manager this thesis finds evidence that the development can be abstracted into an evolutionary process model with three phases (Figure 2). The three phases resemble three subgroups of CSM departments with different maturities identified among the cases and showcase a role development from a 360° support towards a trusted advisor.

Initially, the emergence of a focus on customer success can be attributed to a company interest in the topic alongside a strong engagement by an individual employee, which initiates the first phase. Labeled "learning by doing", this phase is characterized by trying to define a first understanding of customer success while simultaneously managing the emergence of various tasks ranging from technical support to use case consultation. Close collaboration with other departments of the venture characterizes the daily, often operational work of a customer success manager. Although the company is confidently considered to provide a significant value-added with the own software solution, a more concrete long-term estimation of the own market position is yet to emerge in the CSM department. To transition into the next phase, it is crucial to prove the value of the customer success work to the company, for example through increased customer satisfaction rates. The second phase is focused on "setting up standards to scale" (Figure 2). The employee in charge of CSM emerges to a team lead, which hires first employees and aims to set up the department for scalability. Accordingly, he looks to standardize and automate operational tasks or relocate them to other emerging functions. Thus, the internal collaboration is characterized by outsourcing responsibilities internally as a more precise definition of what a customer success manager should develops accompanied by a deeper understanding of the own company. This change in company perception is crucial to transition into the next phase as the CSM strategy has to align with the long-term goals of the entrepreneurial venture. In the third phase, customer success management evolves from a team to a department. Growing in organizational headcount, operational tasks have been outsourced almost completely. This results in the customer success manager's tasks having a more strategic focus, such as initiating co-innovations or measuring return on invest. At this point, a distinct image of customer success has been defined coinciding with a company perception driven by higher goals.

The different phases transition fluently and are triggered by overcoming several challenges for development. Additionally, the evolution of the CSM department is accompanied by a growing internal demand for customer success managers to be staffed on customers. As a consequence, the initially small department must find an approach to not only grow, but scale to meet the newly ascending organizational needs in the long-term.

A narrative around customer success shows that a definition of the terminology cannot be universal but has to consider what success means from the perspective of the own company and the customers. Aligning these perspectives is crucial to achieve a development of customer success management that continuously follows the goal of retaining customers in the long-term.

Discussing the theory with regards to existing academic work, it complements the research finding that roles in entrepreneurial ventures specialize over time. Furthermore, the customer success management role shows an ambiguous variation to this observation. Although the functional role description grows more distinct over time, in the third phase it still requires the employee to have a generalist view due to the necessity to connect with many different internal departments. A deep understanding of the software solution and being able to respond to new contexts are key skills a customer success manager must acquire to fulfill the customer's needs.

Limitations of the methodology have to be considered, as the sample was homogenous and consisted of only eight cases. Although this allowed to inductively ground theory, the findings look to be proved or refuted by future longitudinal studies since such a small sample only allows generalization of results to a certain extent. Furthermore, a comparison with entrepreneurial ventures not focusing on customer success could yield new insights on the factual impact of the role on a venture's performance.

Acknowledging the limitations, I believe that the theory in this thesis provides useful groundwork for future research to build upon and for individuals looking to establish a CSM department in their venture. Formerly, definitions of customer success management mostly relied on philosophical and managerial discussions (Hilton et al., 2020; Hochstein et al., 2020; Porter & Heppelmann, 2015). The evolutionary process model provides a first qualitative theory on the development of customer success management. Furthermore, it signals that the understanding of customer success in entrepreneurial ventures changes over time and differs between companies. This refutes a ubiquitous definition of the terminology due to the fact every venture has to develop a two-folded understanding of success: for itself and for its customers. Combined with figure 4, which shows the development of tasks and the collaboration of the CSM department with other internal functions over time, the process model can hopefully serve as inspiration or a blueprint for future start-ups looking to build or grow their customer success management.

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