

Customer Success Metrics:

Measurement and Interpretation



- Measurement without interpretation drives wrong decisions and missed churn signals.



- Journey from foundational metrics to a metrics-driven culture.



- CS has evolved from relationship management to proving financial impact.



- Learn to build dashboards that trigger action, not just display data.



Why Most Metric Dashboards Fail



- Leading indicators predict outcomes; lagging indicators report history.



- Vanity metrics look good but don't prevent churn.



- Metric overload without linked actions paralyzes teams.



- A useful metric is predictive, benchmarked, and action-tied.



The Core Metric Categories



Revenue & Retention

NRR, GRR, Churn —
measure financial health



Product Health & Adoption

Health Score, TTV,
Activation — track
value delivery



Sentiment & Satisfaction

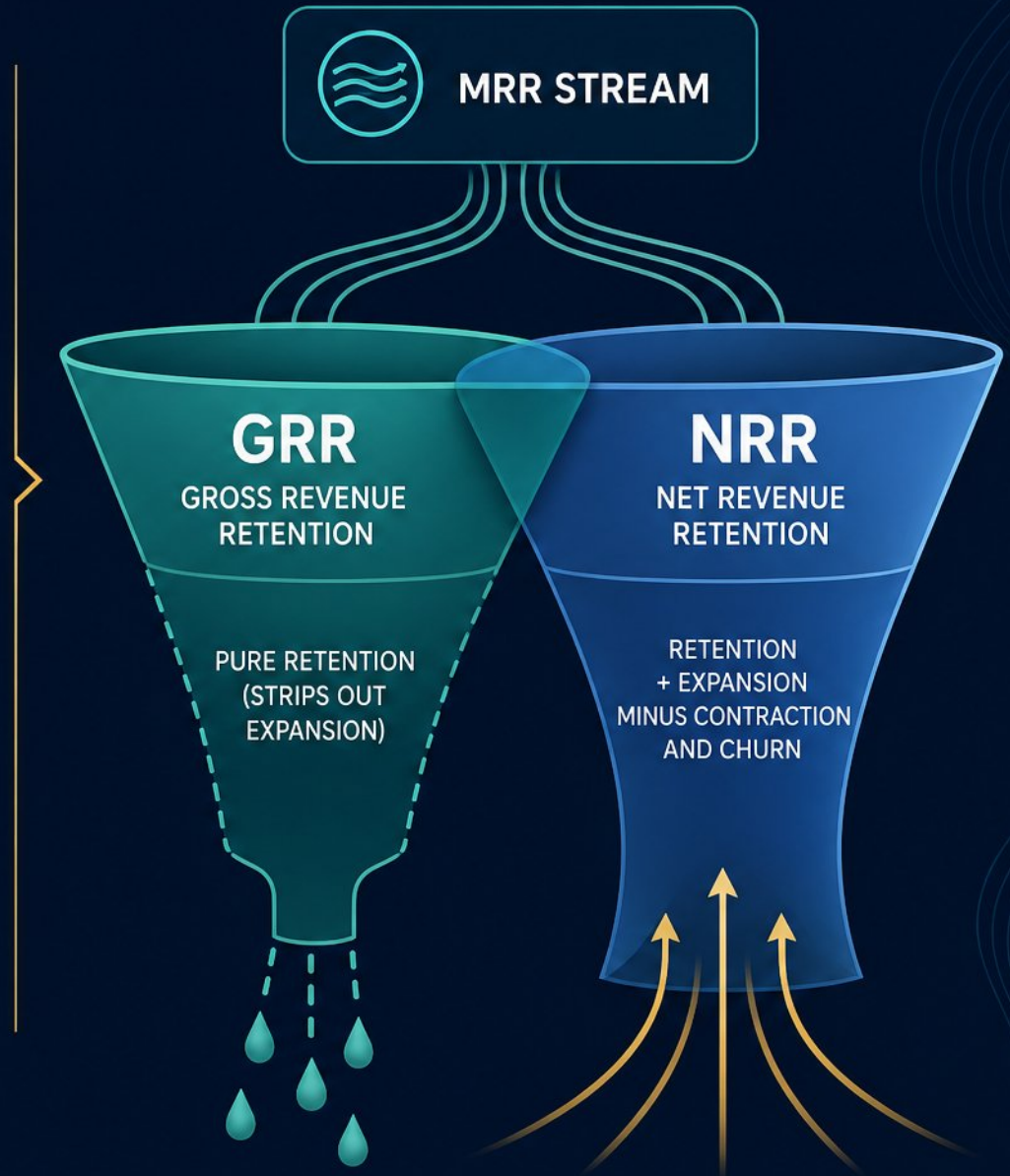
NPS, CSAT, CES —
capture customer
perception



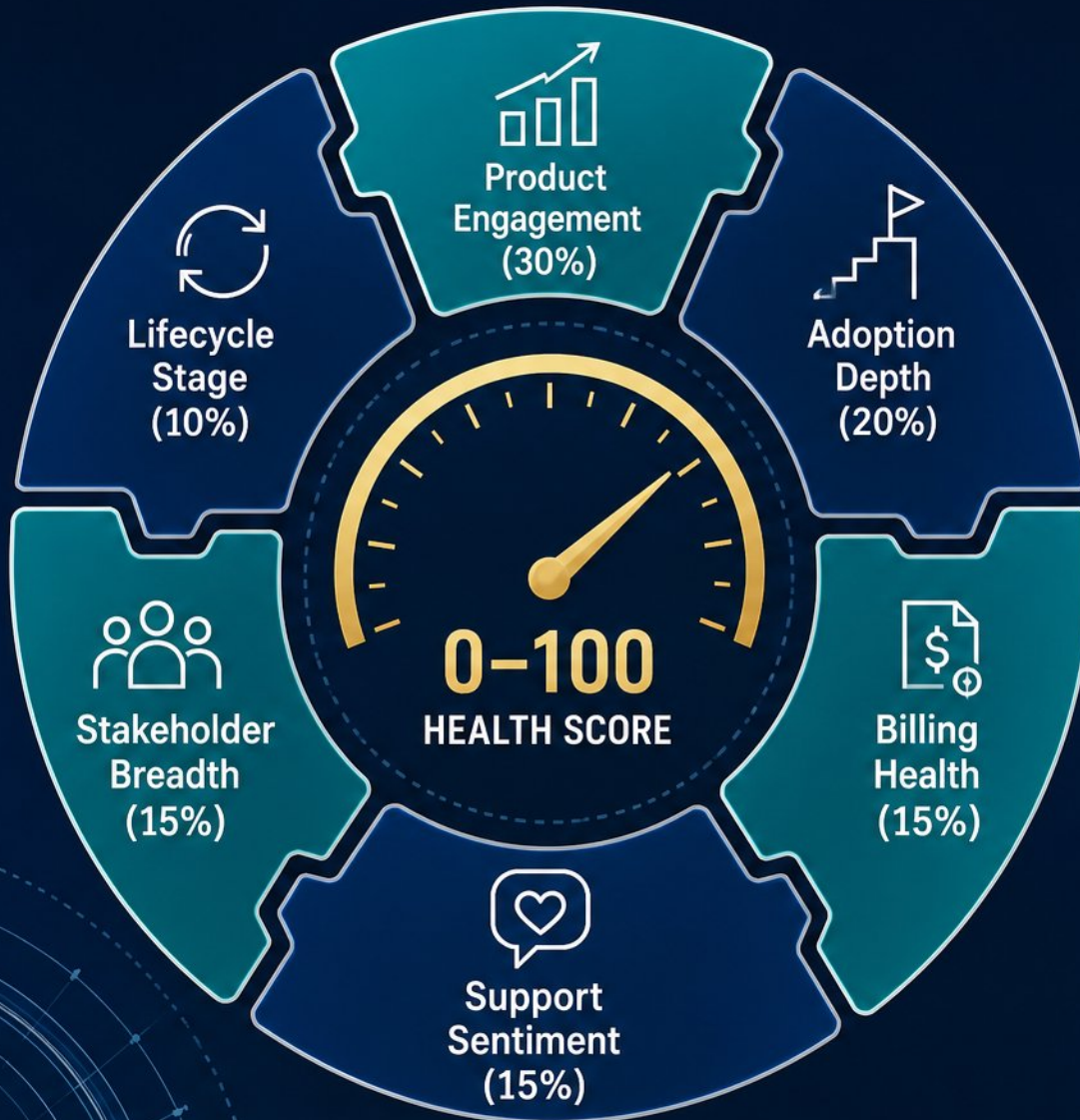
Select one lead metric per group to maintain
a balanced, actionable dashboard

Deep Dive: Net Revenue Retention (NRR) and Gross Revenue Retention (GRR)

- NRR formula: $(\text{Start MRR} + \text{Expansion} - \text{Contraction} - \text{Churn}) / \text{Start MRR}$
- Best-in-class NRR exceeds 110%, indicating retained and expanded revenue
- GRR reveals pure retention, stripping out expansion to show product stickiness
- NRR below 100% triggers a churn cohort audit; declining GRR signals value delivery issues



Building a Predictive Customer Health Score



- Composite 0–100 risk indicator aggregating behavioral, engagement, and outcome signals
- Six signal categories: Product Engagement (30%), Adoption Depth (20%), Billing Health (15%), Support Sentiment (15%), Stakeholder Breadth (15%), Lifecycle Stage (10%)
- Fatal mistakes: equal weights, including lagging indicators like NPS, static thresholds, no temporal decay, and reverse-causality

Calibrating and Validating Your Health Score



- Reverse-engineer weights from 12–24 months of actual churn data



- 3-tier risk model: Healthy (70-100), At-Risk (40-69), Critical (0-39)



- Each risk band maps to a predicted renewal rate



- Backtest quarterly on a holdout dataset to verify accuracy



- Recalibrate weights as product, customers, and conditions evolve



From Numbers to Narrative:

Mastering Interpretation



Contextual analysis: why a dropped NPS isn't always a crisis, and a green health score can hide churn risk.



Identifying correlation patterns that signal real risk (e.g., sudden support ticket spike from zero + declining logins).



Avoiding confirmation bias and reverse-causality traps when interpreting metric shifts.



Designing Actionable Dashboards and Reports

EXECUTIVE SUMMARY

Strategic Outcomes



Focus on Outcomes.
Drive the Business Forward.

CSM DAILY TRIGGER FEED

Operational Triggers



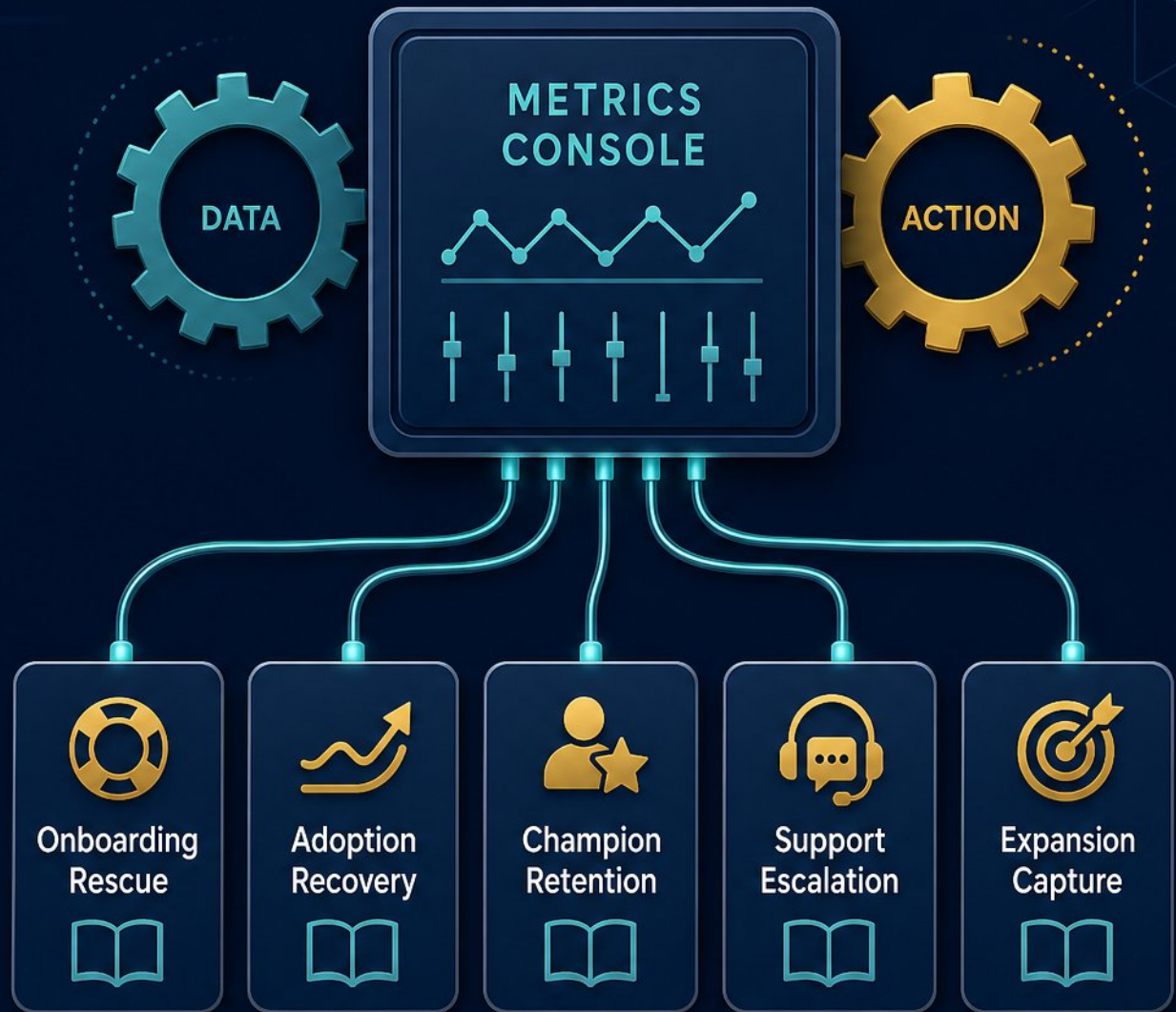
Act Early. Prevent Issues.
Guide Customers to Success.



- ✓ Executives need strategic outcomes; CSMs need operational triggers
- ✓ Remove any metric that hasn't driven action in two quarters
- ✓ Connect weekly leading indicators to monthly revenue outcomes
- ✓ Build a narrative arc, not just a data dump
- ✓ Every number should answer: "What do I do now?"

Wiring Metrics to Playbooks

- Every primary metric needs a documented playbook with trigger, owner, SLA, and steps
- Five core playbooks: Onboarding Rescue, Adoption Recovery, Champion Retention, Support Escalation, Expansion Capture
- Automation removes human judgment: health scores and usage thresholds fire playbooks instantly
- A playbook without clear success criteria is just a suggestion



Playbook Workshop:

Churn Prevention and Expansion



- Churn trigger: 15-point health drop + core feature usage below 30% baseline



- Execute a 5-day SLA motion with clear owner and outcome criteria

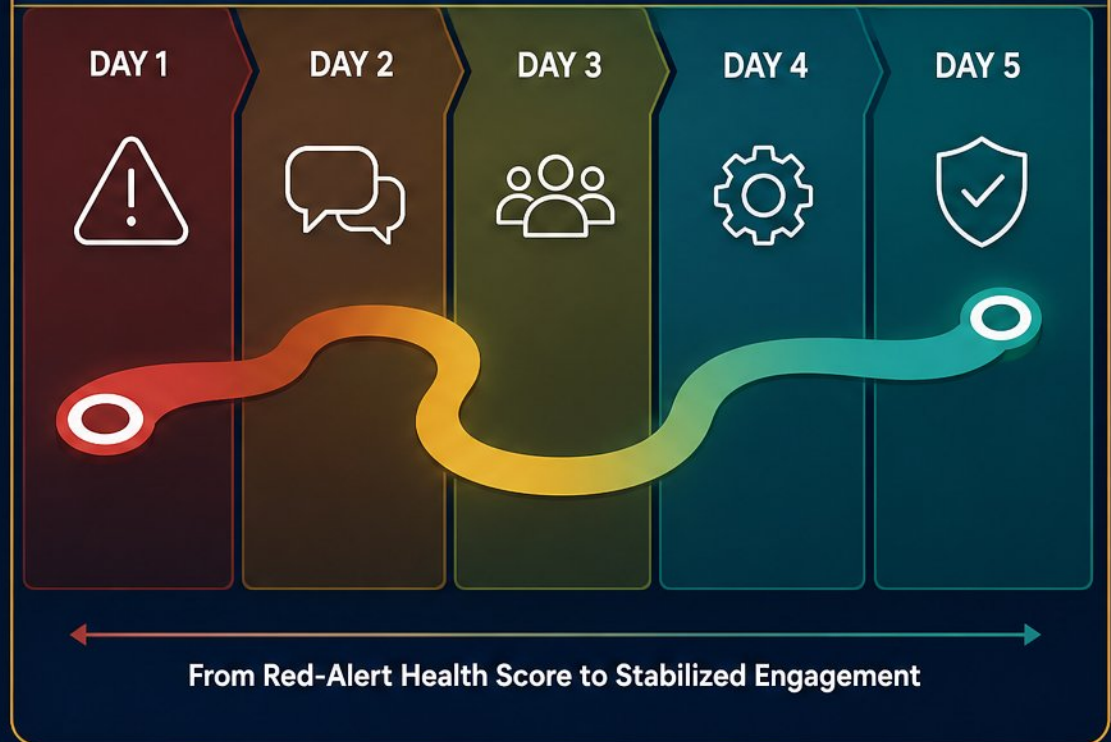


- Expansion trigger: Health score >80 for 60 days + >70% plan limit usage



- Shift from reactive firefighting to predictable, scalable retention playbooks

FIVE-DAY RESCUE TIMELINE



Quantifying the ROI of Customer Success



- Calculate churn's compounding destructive effect on revenue over time



- Attribute 20–30% of new ARR to CS-led expansion



- Track Cost-to-Serve against CLV; aim for $CLV:CAC > 3:1$



- Present NRR, CAC, and CLV in the CFO's language of financial impact



Common Mistakes and How to Fix Them



- **Missing outcome data:** customer success criteria are the most predictive yet absent signal



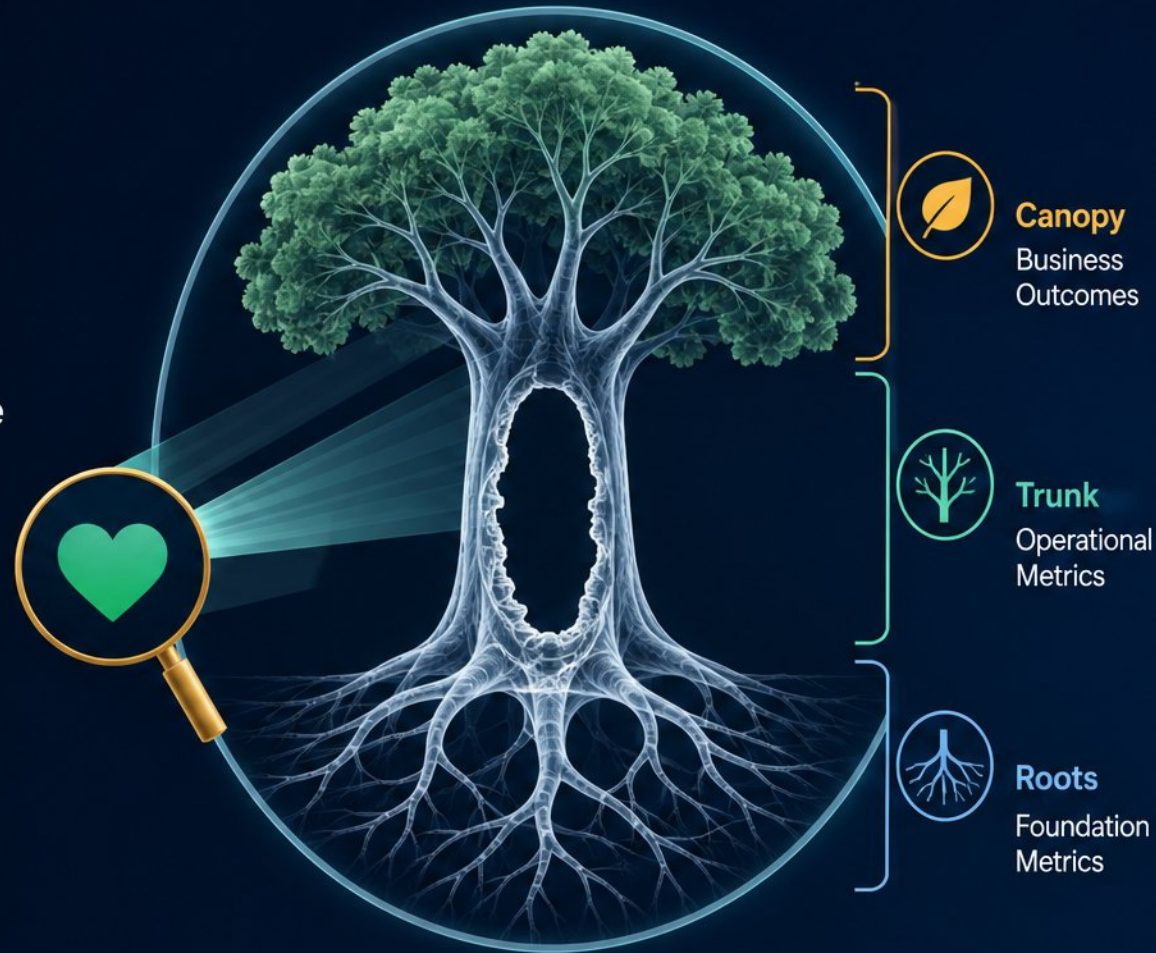
- **Healthy scores hiding risk:** over-relying on usage while ignoring relationship depth



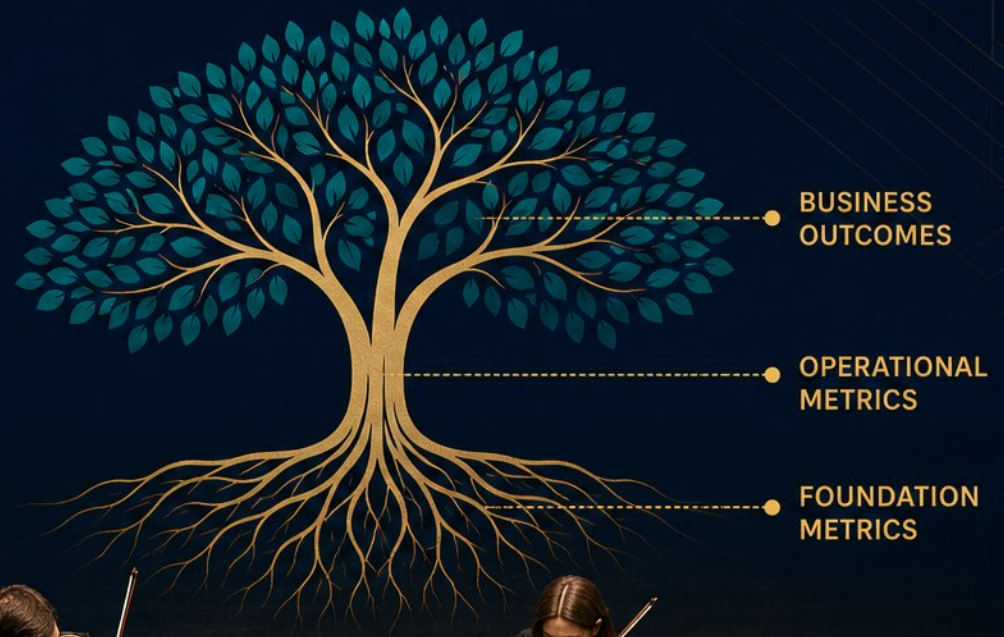
- **Stakeholder churn:** silent killer when champion leaves but product usage stays high



- **Quarterly recalibration is mandatory:** static health scores become vanity metrics in six months



Building a Metrics-Driven Culture



Align CS, Product, Sales, and Support around shared metrics without blame



Weekly reviews for leading indicators: health score, adoption



Monthly/quarterly reviews for lagging indicators: NRR, GRR



Equip CSMs as value managers with data literacy and outcome ownership



Workshop:

Interpreting Real-World Scenarios



- Analyze datasets with conflicting signals (high usage vs. low NPS)



- Diagnose root causes, not just surface symptoms



- Select the right playbook for each scenario



- Debrief: A metric is only as good as the action it triggers



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