

Customer Success Metrics That Actually Matter

Episode 26 Companion Download

Most CS teams are drowning in data while starving for insight. You're tracking login frequency, NPS scores, support ticket volume, and a dozen other metrics that look impressive in dashboards but don't actually tell you whether your customers are going to renew, expand, or advocate.

This companion download gives you the framework to cut through the noise. You'll learn which metrics predict the outcomes that matter, how to set data-driven thresholds, and how to build playbooks that turn metrics into action. Use this framework to audit your current metrics, identify gaps, and build a measurement system that actually drives retention, expansion, and advocacy.

The Three Questions Framework

Every metric you track should answer one of these three questions:

1. Is This Customer Going to Renew? - These are your Retention Metrics
 - Leading Indicators:
 - Executive Engagement - Is your executive sponsor actively participating in strategic conversations?
 - Usage Consistency - Are they using the product regularly, or is usage spiking and dropping?
 - Time to Value - How long did it take from contract signature to first meaningful outcome?
 - Strategic Alignment - Are they bringing you into planning discussions?
 - Lagging Indicators:
 - Gross Retention Rate (baseline: 90%+, best-in-class: 95%+)
 - Churn rate by cohort
 - Days to renewal
2. Is This Customer Going to Grow? - These are your Expansion Metrics
 - Leading Indicators:
 - Feature Adoption Depth - Are they using features at advanced levels, not just dabbling?
 - Power User Percentage - What percentage of licensed users are actively engaged?
 - Product Qualified Leads - Are they hitting usage thresholds that indicate they need more?
 - Cross-Functional Usage - How many departments are using your product?

- Lagging Indicators:
 - Net Retention Rate (baseline: 100%+, best-in-class: 110%+)
 - Expansion revenue by account
 - Average contract value growth

- 3. Is This Customer Going to Advocate? - These are your Advocacy Metrics

- Behavioral Indicators:
 - Reference Willingness - Have they agreed to be a reference?
 - Case Study Participation - Have they agreed to a written case study?
 - Review Submission - Have they written a G2 or TrustRadius review?
 - Customer Advisory Board Engagement - Do they participate in strategic discussions?
 - Referral Behavior - Have they referred other customers?

- Don't rely on:
 - NPS scores alone (sentiment without behavior)
 - CSAT scores (satisfaction doesn't predict advocacy)

Metric Audit Worksheet

Use this to evaluate every metric you're currently tracking. For each metric you track, complete this assessment:

Metric Name: _____

1. Which question does this metric answer?
 - Will they renew?
 - Will they expand?
 - Will they advocate?
 - None of the above

2. Is this a leading indicator or lagging indicator?
 - Leading (predicts future outcome)
 - Lagging (tells me what already happened)

3. Do I have a clear threshold for this metric?
 - Yes - I know what "good" and "at-risk" look like
 - No - it's just a number I'm monitoring

4. Do I have a playbook for when this metric flags an account?
- Yes - I know exactly what action to take
 - No - I'm just tracking it
5. Is this metric driving decisions?
- Yes - I've taken action based on this data in the last 30 days
 - No - I'm tracking it but not acting on it

Decision:

- Keep - This metric answers a core question, has thresholds, and drives action
- Refine - This metric is useful but needs better thresholds or playbooks
- Eliminate - This metric doesn't answer the three questions or drive action

Threshold-Setting Framework

A metric without a threshold is just a number. Use this framework to set data-driven thresholds.

Step 1: Analyze Your Churned Accounts

Pull data on all accounts that churned in the last 12 months. For each metric you want to set thresholds for, answer:

- What was the average value of this metric in the 90 days before churn?
- What was the pattern? (Declining? Spiking? Flat?)
- At what point did the metric cross from "normal" to "at-risk"?

Example:

- Metric: Executive Engagement
- Finding: 85% of churned accounts had zero executive engagement in the 60 days before renewal conversation
- Threshold: Flag account as at-risk if executive sponsor is unresponsive for 30+ days

Example:

- Metric: Power User Percentage
- Finding: Accounts with less than 20% active user engagement had 70% churn rate; accounts with 50%+ active user engagement had 95% retention rate
- Threshold: <20% = at-risk for churn; >50% = expansion-ready

Step 2: Validate With Retained Accounts

Pull data on your healthiest accounts that renewed in the last 12 months. For the same metric, answer:

- What was the average value for these accounts?
- What patterns did healthy accounts show?
- Where is the clear separation between "healthy" and "at-risk"?

Example:

- Metric: Executive Engagement
- Finding: 90% of successful renewals had executive sponsor participation in at least one strategic conversation per quarter
- Threshold Validation: 30-day threshold confirmed

Step 3: Set Your Thresholds

Metric Name: _____

Healthy Threshold: _____
(What "good" looks like based on retained account data)

At-Risk Threshold: _____
(The line where behavior predicts negative outcome)

Data Source: _____
(Where you pulled the data to validate this threshold)

Review Frequency: _____
(How often you'll reassess whether this threshold is still predictive)

Playbook Builder

Metrics are only useful if they drive action. For each metric with a threshold, define the playbook.

Metric Name: _____

Threshold Crossed: _____

Immediate Action (Within 24 Hours):

- _____
- _____
- _____

Escalation Path (If Immediate Action Doesn't Work):

- _____
- _____
- _____

Internal Alignment Required:

- _____
- _____
- _____

Success Criteria (How We Know the Playbook Worked):

Owner: _____

Example Playbook #1:

Metric: Executive Engagement

Threshold Crossed: Executive sponsor has been unresponsive for 30+ days

Immediate Action (Within 24 hours):

- Send executive re-engagement email with value summary and request for 15-minute sync
- Flag account as at-risk in CRM
- Alert Sales counterpart

Escalation Path:

- If no response in 7 days: Executive outreach from CS leadership
- If no response in 14 days: Trigger renewal risk protocol

Internal Alignment Required:

- Brief Sales on situation and get their support for re-engagement
- Notify CS leadership of at-risk status

Success Criteria: Executive sponsor re-engages and schedules strategic conversation within 30 days

Owner: Account CSM (with Sales support)

Example Playbook #2:

Metric: Strategic Engagement

Threshold Crossed: Customer has missed two consecutive monthly operational reviews

Immediate Action (Within 24 hours):

- Trigger re-engagement sequence
- Executive outreach with agenda focused on planning discussions
- Value reinforcement email highlighting recent wins
- Request roadmap alignment session

Escalation Path:

- If no response in 14 days: CS leadership outreach
- If pattern continues: Flag as renewal risk, involve Sales

Internal Alignment Required:

- Alert CS leadership to pattern
- Coordinate with Sales on account strategy

Success Criteria: Customer resumes participation in operational reviews and brings CS into strategic planning discussions within 30 days

Owner: Account CSM

Business Model Context Guide

Different business models require different metric priorities.

Enterprise Sales-Led (Annual/Multi-Year Contracts)

Priority Metrics:

- ✓ Executive engagement (critical - person who signs the check)
- ✓ Strategic alignment (are they planning future with you?)
- ✓ Multi-threading (how many relationships do you have?)
- ✓ Time to value (longer sales cycle = longer implementation)

Business Context:

- Renewal decisions made 6-12 months in advance
- Executive champions defend budget allocation
- Usage matters, but strategic value matters more
- Expansion driven by departmental growth and use case expansion

Consumption-Based Pricing

Priority Metrics:

- ✓ Usage trends (directly tied to revenue)
- ✓ Burn rate forecasting (predicting consumption)
- ✓ Feature adoption leading to higher consumption
- ✓ Time to first meaningful usage

Business Context:

- Revenue tied directly to product usage
- Customers can reduce spend by using less
- Focus on driving consistent, growing usage patterns
- Expansion happens through increased consumption

Product-Led Growth (PLG)

Priority Metrics:

- ✓ Product-qualified leads (PQLs) - usage thresholds indicate upgrade readiness
- ✓ Self-serve expansion signals
- ✓ Feature adoption at free/trial tier
- ✓ Time to activation

Business Context:

- Product experience drives conversion
- Users upgrade themselves when they hit limits
- CSM engagement often happens post-purchase
- Expansion driven by team growth and feature unlocks

Seat-Based Licensing

Priority Metrics:

- ✓ Active user percentage (are they using all their seats?)
- ✓ Seat utilization (approaching license limits = expansion opportunity; 85% utilization is typical PQL threshold)
- ✓ Deployment completeness (rolled out to all teams?)
- ✓ Power user percentage (depth of engagement; <20% = at-risk, >50% = expansion-ready)

Business Context:

- Expansion happens through adding more users
- Risk when seats sit unused (waste signals churn)
- Focus on broad adoption across organization
- Multi-threading critical for renewal defense

Executive Reporting Guide

Different audiences need different metrics. Don't bury executives in detail.

For Your Internal Team (Weekly/Daily Operations):

Track everything:

- Usage patterns
- Engagement levels
- Sentiment signals
- Risk indicators
- Expansion signals
- Support ticket trends
- Product feedback

This is your operational dashboard for managing the business day-to-day.

For Your VP/CS Leadership (Weekly/Bi-Weekly):

Report on:

- Retention risk (number of at-risk accounts, total ARR at risk)
- Expansion pipeline (number of qualified opportunities, potential ARR)
- Advocacy participation (references completed, case studies in progress)
- Key account updates (major wins, escalations, strategic shifts)

Focus on what needs leadership attention or support.

For C-Suite/Board (Monthly/Quarterly):

Report on:

- Gross Retention Rate (what % of ARR are we keeping?)
- Net Retention Rate (are we growing existing accounts?)
- Customer Lifetime Value trend
- Strategic account health (enterprise/top-tier only)

Tie CS metrics to revenue and company growth. Keep it to 3-5 core numbers.

Executive Reporting Template

To: _____

Cadence: _____

Metric 1: _____

Current: _____

Target: _____

Trend: Improving Stable Declining

Metric 2: _____

Current: _____

Target: _____

Trend: Improving Stable Declining

Metric 3: _____

Current: _____

Target: _____

Trend: Improving Stable Declining

Key Insight:

Action/Support Needed:

Quarterly Metrics Review Checklist

Review your metrics every quarter to ensure they're still predictive.

- Are these metrics still predicting the outcomes I care about?
 - Review: Did accounts flagged by these metrics actually churn/expand/advocate?
 - If not: Adjust thresholds or replace the metric
- Are there new patterns in the data that suggest I need to track something different?
 - Review: What did churned accounts have in common that I wasn't measuring?
 - Action: Add new leading indicators based on patterns
- Are there metrics I'm tracking that aren't driving action?
 - Review: Which metrics have I looked at but not acted on in the last 90 days?
 - Action: Eliminate metrics that don't drive decisions
- Have my thresholds remained accurate?
 - Review: Are "at-risk" thresholds still predictive, or do I need to adjust?
 - Action: Recalibrate based on recent churn/retention data
- Are my playbooks working?
 - Review: When metrics triggered action, did the playbook resolve the issue?
 - Action: Refine playbooks that aren't producing results
- Am I reporting the right metrics to the right audiences?
 - Review: Is leadership getting what they need? Am I overwhelming them with detail?
 - Action: Adjust reporting cadence and content

30-Day Implementation Plan

Use this plan to move from tracking activity to tracking outcomes.

Week 1: Audit Your Current Metrics

- List every metric you're currently tracking
- Complete the Metric Audit Worksheet for each one
- Identify which metrics to keep, refine, or eliminate
- Document gaps: Which of the three questions are you not answering?

Week 2: Set Data-Driven Thresholds

- Pull data on churned accounts from last 12 months
- Pull data on successfully retained/expanded accounts from last 12 months
- Use the Threshold-Setting Framework to define "healthy" and "at-risk" for top 3-5 metrics
- Document your thresholds and data sources

Week 3: Build Your Playbooks

- For each metric with a threshold, define the playbook
- Identify immediate actions, escalation paths, and success criteria
- Get buy-in from Sales, Support, Product on their role in each playbook
- Document playbooks in shared location (CRM, wiki, Confluence)

Week 4: Automate And Test

- Build metrics into your CS platform (Gainsight, ChurnZero, etc.)
- Set up automated alerts when thresholds are crossed
- Configure CTAs or workflows for each playbook
- Test: Trigger an alert and run through the playbook to ensure it works

Ongoing: Review And Refine

- Weekly: Review accounts flagged by metrics and execute playbooks
- Monthly: Assess whether flagged accounts are following predicted outcomes
- Quarterly: Complete the Quarterly Metrics Review Checklist

Key Principles

1. **Outcomes Over Activity** - Don't track what you did. Track what you achieved.
2. **Leading Over Lagging** - Predict outcomes, don't just measure what already happened.
3. **Thresholds Drive Action** - A metric without a threshold is just a number.
4. **Playbooks Make Metrics Useful** - Data without action is waste.
5. **Business Model Matters** - Enterprise sales-led metrics look different than PLG metrics.
6. **Automate Wherever Possible** - Let the platform monitor. You do the thinking.
7. **Review And Refine Quarterly** - What worked six months ago might not work now.
8. **Report to the Right Audience** - Don't bury executives in operational detail.
9. **Validate With Data** - Set thresholds based on churned account patterns, not gut feel.
10. **Measure What Predicts Retention, Expansion, And Advocacy** - If it doesn't answer one of the three questions, stop tracking it.

Get Started

- Complete the Metric Audit Worksheet for your current metrics
- Identify your top 3-5 leading indicators for retention, expansion, and advocacy
- Pull historical data and set thresholds using the framework
- Build playbooks for each metric with clear actions and owners
- Implement automation in your CS platform
- Schedule your first Quarterly Metrics Review

Next Steps and Resources

This guide is part of The CS Strategy mini-series on ClearPath Conversations:

- **Episode 24:** The Internal CS Playbook You Wish You Had
- **Episode 25:** Building Your Personal CS Brand (Without Being Cringe)
- **Episode 26:** Customer Success Metrics That Actually Matter
- **Episode 27:** What Makes a CSM *Great*? My Non-Negotiables

Additional Resources:

- *ClearPath CX Website:* Templates, frameworks, and resources at [ClearPathCX.com](https://clearpathcx.com)
- *LinkedIn:* Connect with Mark at [linkedin.com/in/markbernardin](https://www.linkedin.com/in/markbernardin)