PM World Journal
Vol. XI, Issue II – Feb 2022
www.pmworldjournal.net

The Customer Success Manager (CSM) in Project Business
by Oliver F. Lehmann
Series Article

Project Business Management[1]

The Customer Success Manager (CSM) in Project Business

Oliver F. Lehmann

"Customer Success Managers are a powerful growth engine."
— Andris A. Zoltners, PK Sinha, Sally E. Lorimer

Summary

Project managers who direct customer projects for their employer, a project contractor, have tasks different from project managers in internal projects. A significant role they should assume is the role of the Customer Success Manager for the benefit of both customer and contractor.

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[1]*Editor's note: This series of articles is by Oliver Lehmann, author of the book "Project Business Management" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018. See full author profile at the end of this article.*

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What is a Customer Success Manager?

The Customer Success Manager (CSM)[2] is a relatively new role in organizations. It was developed in the last decade and implemented in many organizations. It is based on the understanding that an ongoing business relationship between a customer organization and a contractor must be managed to ensure delightful value delivery for both sides.

An article in Harvard Business Review of 2019 describes this role in detail.[3] In essence, it says that CSMs bridge the trench "between product expertise and customer insight." The CSM's place would be in sales or nearby this discipline in an operational product and service business. There, the job is to use the time while an often-anonymous business is done to make the customer come back and want more.
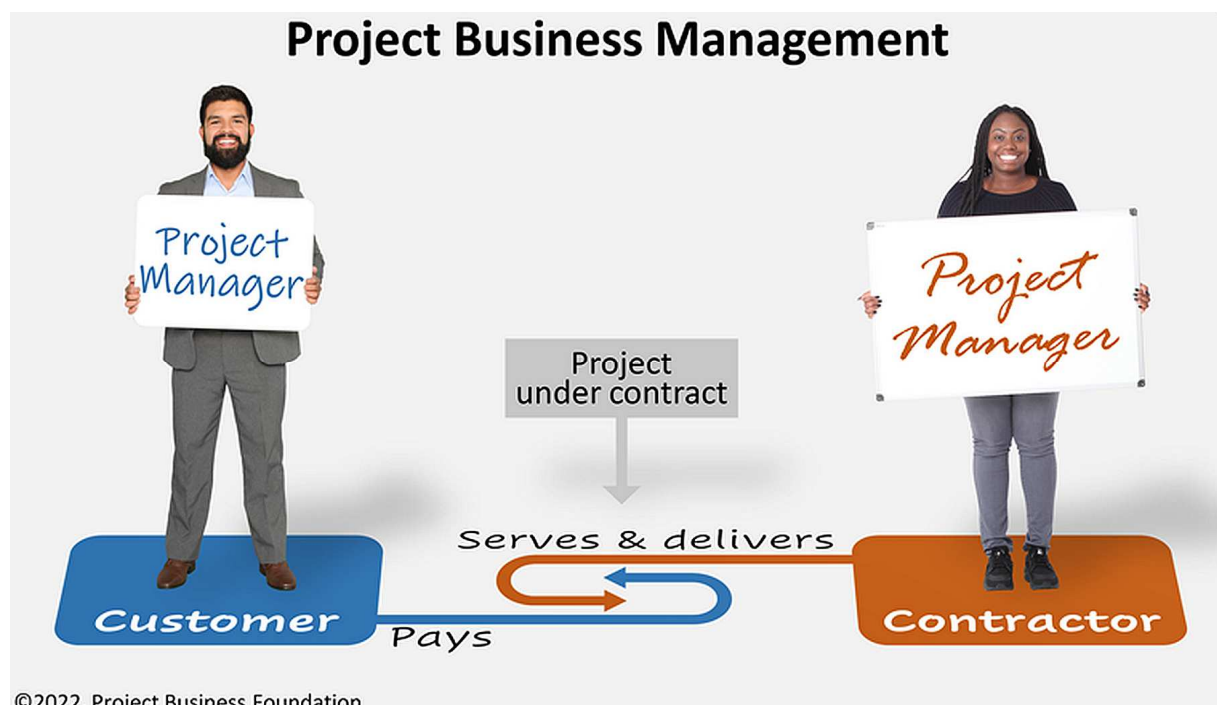
Project business is different.

Figure 1: Project business involves at least two parties, a customer and a contractor. Typically, each side has a project manager.

Projects are temporary and unique undertakings. Projects can take months, possibly years, and every moment is a new opportunity for the contractor to make the customer happy or frustrate them and jeopardize project success. The same is true in the opposite direction: As

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[2] For disambiguation – the project management, the acronym CSM is also known for "Certified Scrum Master". This is not how the acronym is used in this article.

[3] (Zoltners, Sinha & Lorimer, 2019)

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a customer, if the intention is to receive an excellent product and enjoyable service, frustrating the contractor is probably the wrong thing to do.

Having a Customer Success Manager may help: In a report published by the social network and job portal LinkedIn, Customer Success Specialist was #6 on the list of emerging jobs in 2020 and was the highest-ranking among the emerging non-technical jobs.[4] The topic is hot, and customers have many options to end the business with a contractor and try another one. A CSM could help increase the customer's loyalty and improve the business value.

CSM Practice has published an in-depth discussion of the role of a Customer Success Manager.[5] This adds as a competency "Empathy," which would indeed help meet the objectives of customer projects.

So, would the Customer Success Manager be a beneficial role in Project Business? And who should be the CSM in this discipline?

Project Business Takes the Lead

Project Business occurs when two or more organizations do projects together as customers and contractors. The main task of the contractor organization is to provide services and deliver products as needed and contractually agreed upon.

The main task of the customer in this relationship is to pay in return.

Figure 1 shows how ideally, both parties have a project manager. While both project managers are involved with project business—they sit on different sides of the negotiation table—this article will focus on the contract-side project manager.

In August 2021, the Project Business Foundation surveyed Make-or-Buy decisions in organizations that do projects. It asked field practitioners about the trend in these decisions: Is the tendency to do more often project work in-house, or is the trend towards more procurement?

In each direction, the respondents could choose among three steps, with a seventh step in the middle saying that they do not see a change in the past and do not expect one for the future.

Figure 2 shows the responses.

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[4] (LinkedIn, 2020)

[5] (Natividad, 2021)

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Make-or-Buy decisions are the typical starting point for project business. When the decision is made to "Make", the project will become internal. When the option "Buy" is chosen, it will become a customer project for one or more contractors.

In the survey, two out of three respondents reported a trend in their organizations to *Buy* more often, while less than 30% said they see a trend towards *Make*. This is a business-wide and global trend and confirms a similar study from January 2017.[6]
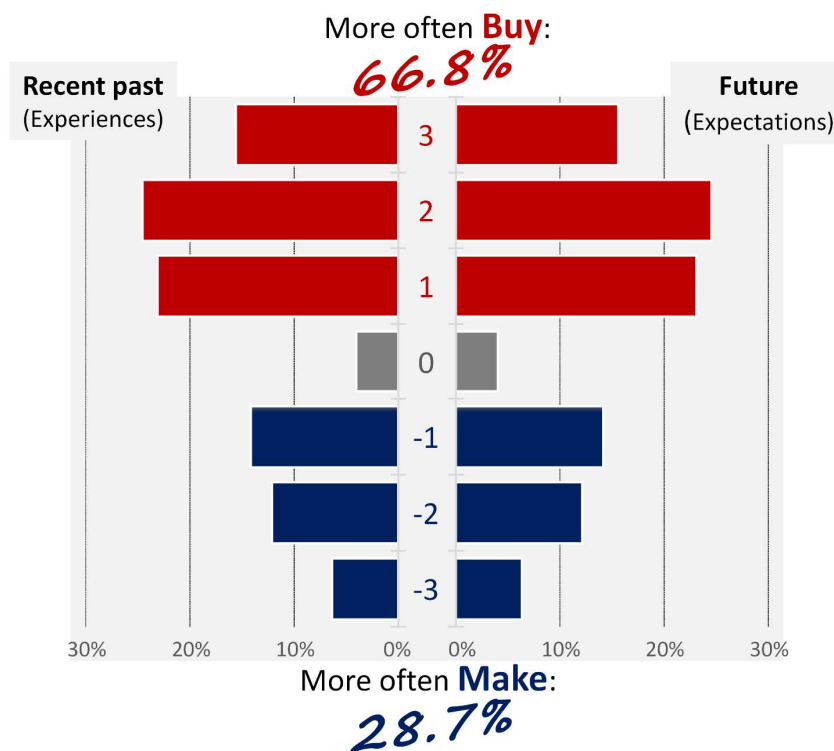

Figure 2: Based on the experiences of the recent past and the expectations for the future, what is the trend? More Make or more Buy?[7]

The finding is fundamentally confirmed by the responses to another question: What share of project work is given to contractors?

Figure 3 shows the responses and compares them with the answers from 2017. The results show that in most projects, Project Business is already a reality. But it also shows how its relevance is growing further: The number of project managers who reported that 50% or more of the total project work is handed over to contractors was at 54.8% in 2017.

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[6] (Lehmann, 2017)

[7] (Project Business Foundation, 2021)

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In 2021, the number had grown to 65.2%. For many contractor organizations, Project Business is the primary source of income. For these organizations, projects do not just provide products; they are the product.

Project Business Management is clearly not a fringe topic. It is one of the significant trends in project management in the 21st Century.
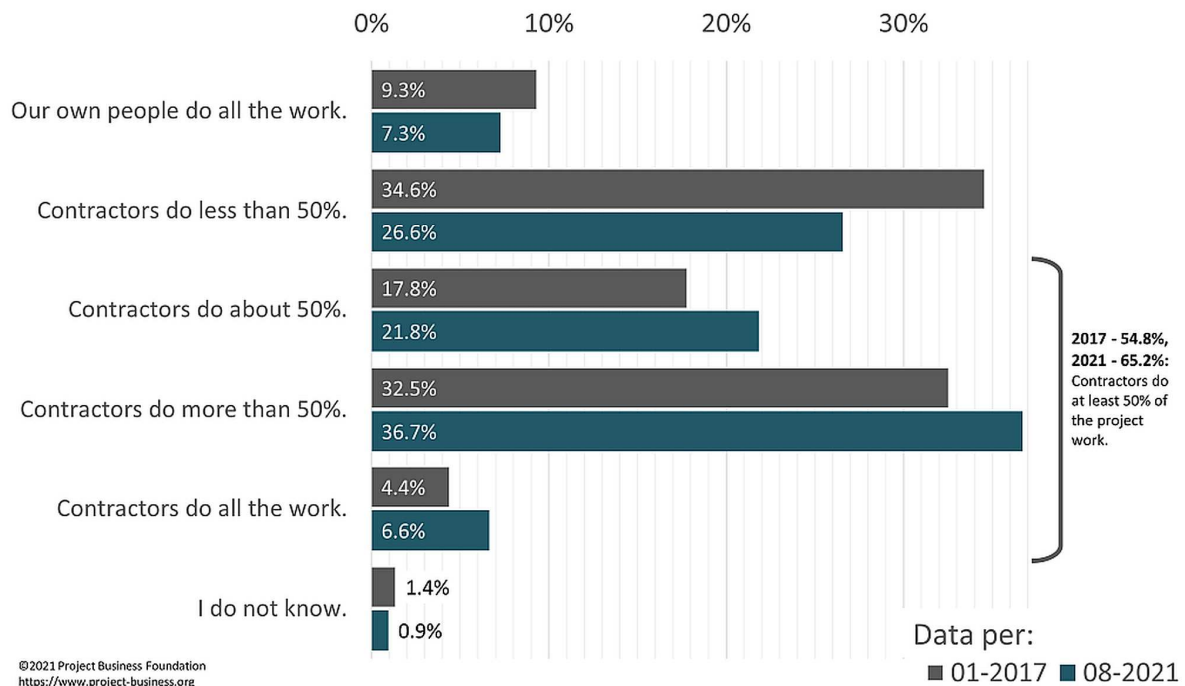

Figure 3: Share of work given to contractors, comparison of responses 01-2017-08-2021

Customer Success Managers in Project Business

As discussed above, a foundation of a CSM's success is customer insight. This includes in-depth knowledge of the customer with their strengths and weaknesses. It further provides the understanding of the many opportunities to delight the customer and make them want more and identifies the caveats that can lead to frustration, conflicts, early termination of the project, and—in a worst-case—litigation.

In project business, who could be better positioned to assume this role than project managers? Working for the customer, and also with the customer, during the duration of the project, they figuratively open doors that have remained closed for a long time. They look under rugs and behind cupboards and know many things about the customer that this organization may not be aware of. They see the customers' risks, opportunities missed, and current problems that require resolution.

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And even more important: They know the individuals involved, their interests, and how they interact with each other.

Turning project managers into Customer Success Managers in projects, what would be their responsibilities on top of – well – project management?

- They help the customer develop a Benefits Management Plan[8], a document describing how the customer organization will benefit most from the project and when.
- They observe the relationship with the customer and respond early when it is about to deteriorate or when opportunities materialize that allow improving it.
- They perform Benefit Engineering[9] to resolve problems on the contractor side and improve the value from the project for both customer and contractor.
- On the contractor side, they act as the product owner and advocate of the customer's interests.
- They are consultants to the customer when changes in the project environment occur and help make adjustments as necessary.

Recommendation

Contractor organizations should rethink the role of the project manager. On top of traditional project management knowledge, they should help them develop business acumen and spirit, the proficiency to lead the project as a commercial business, and the will to apply it.

On top of that, more growth is needed: The ability to manage the business relationship in a way that makes the customer happy, grows to desire to want more, and makes the customer prepared to invest a fair amount of money for new business.

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[8] (PMI, 2017, p. 33)

[9] (Lehmann, 2017)

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About the Author

Oliver F. Lehmann
Munich, Germany

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Oliver F. Lehmann, MSc, ACE, PMP, is a project management educator, author, consultant, and speaker. In addition, he is the President of the Project Business Foundation, the home association for professionals and organizations involved in cross-corporate project business.

He studied Linguistics, Literature, and History at the University of Stuttgart and Project Management at the University of Liverpool, UK, where he holds a Master of Science Degree (with Merit). Oliver has trained thousands of project managers in Europe, the USA, and Asia in methodological project management, focusing on certification preparation. In addition, he is a visiting lecturer at the Technical University of Munich.

He has been a member and volunteer at PMI, the Project Management Institute, since 1998 and served as the President of the PMI Southern Germany Chapter from 2013 to 2018. Between 2004 and 2006, he contributed to PMI's *PM Network* magazine, for which he provided a monthly editorial on page 1 called "Launch," analyzing troubled projects around the world.

Oliver believes in three driving forces for personal improvement in project management: formal learning, experience, and observations. He resides in Munich, Bavaria, Germany, and can be contacted at oliver@oliverlehmann.com.

Oliver Lehmann is the author of the books:

- "Situational Project Management: The Dynamics of Success and Failure" (ISBN 9781498722612), published by Auerbach / Taylor & Francis in 2016

- "Project Business Management" (ISBN 9781138197503), published by Auerbach / Taylor & Francis in 2018.

His previous articles and papers for PM World Journal can be found here:

- https://pmworldlibrary.net/authors/oliver-f-lehmann/