



Customer Success at Scale



Customer Success at Scale: Striking the Balance

AUTOMATION AS A CS ENHANCEMENT

Automation gets a bad rap. Ever since the Industrial Revolution, the same story gets told and retold, and it certainly sounds intuitive: as technology improves, human beings lose jobs.

But a closer look at the historical evidence reveals quite the opposite: technology ultimately creates more jobs than it destroys. A 2016 article in *The Economist* titled “Automation and Anxiety” quotes David Autor, an economist at the Massachusetts Institute of Technology:

“Automating a particular task, so that it can be done more quickly or cheaply, increases the demand for human workers to do the other tasks around it that have not been automated.”

The article studies a number of examples, including the recent creation of automated teller machines (ATMs), a technological development that was sure to spell doom for bank tellers:

“Indeed, in America their average number fell from 20 per branch in 1988 to 13 in 2004...But that reduced the cost of running a bank branch, allowing banks to open more branches in response to customer demand. The number of urban bank branches rose by 43% over the same period, so the total number of employees increased. Rather than destroying jobs, ATMs changed bank employees’ work mix, away from routine tasks and towards things like sales and customer service that machines could not do.”

That sounds just as, if not more, intuitive than the traditional thinking around automation. So, on the one hand, there are more jobs being created in every industry as automation accelerates. And on the other is the time-tested notion that customer service is a distinctly human function. Just look at the floods of studies which demonstrate the still-profound craving for human touch in the customer service environment. A November 2017 paper by Verint called “The Digital Tipping Point” reveals “a discernible difference in terms of positive customer behaviors between digital and human customer service channels. People are far more likely to respond positively toward a brand after engaging on the phone or in store.” In fact, according to the authors, consumers are 57% more likely to do nothing following a positive customer experience on digital channels than one in person.

More than ever, stellar service – conversations with customers, one-on-one attention, proactive outreach – is both often overlooked in the face of advancing automation and more important to brands than it's ever been.

Striking the right balance

Rapid improvements in technology have transformed how brands work and how they effectively serve customers. Striking the right balance between human interaction and tech-touch automation makes all the difference, especially in a Customer Success space that is more apt to embrace automation to handle the sheer volume of customers and touchpoints at stake. So, how are organizations finding that balance? It usually starts with a basic segmentation approach. The most common one involves logical groupings of customers by basic market characteristics, including account size (revenue or employees), geography, industry and product. The graphic here shows a typical segmentation framework to help align Customer Success resources to tiers based on this straightforward data. As expected, this model identifies a high-touch, proactive approach for the highest value customers. The mid-market gets a just-in-time approach to help support adoption and nurture expansion. And the bottom tier is left with the automated/tech-touch experience to manage the one-to-many approach.

Uncomplicated, yes. But do these segments paint the most valuable picture of your customer base? Probably not. Even worse, this segmentation strategy makes it difficult to identify growth possibilities in the lower tier, and it cripples a team's ability to maximize the potential of the whole customer list and the it's goals, whether the objective is increased adoption, reduced churn or more efficient onboarding.

Why even bother with automation and its unpredictable impact on the customer relationship? Well, for the lower tier of customers with a typically lower annual contract value, it's all about scalability. This tier is usually the biggest segment of the customer base, often as much as 80 percent of it, in fact. Companies don't usually have enough Customer Success Managers on staff to help manage that volume. And automation allows for dramatic efficiency in reaching large numbers of people with minimal effort.

It's a double-edged sword, and two big picture insights capture the competing ideas when it comes to the tech-touch equation. First, Nils Vinje from Glide Consulting on the pro-automation side:

"The idea of automation in your customer success program is to make the customer realize value with the product without actually doing the work yourself. If you can autodeliver that value, your organization can serve as many customers as you like without sacrificing the quality of your service. It's also critical if you want to get out of a reactive mode and into a proactive mode."

Next up, Bill Gates, with a general warning about applying said automation:

"The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency."

A solution that scales

Customer Success teams are strapped for resources. While hiring may be an option for some, many of the leaders I talk to don't have the budget to support more full-time hires. But they also know that the status quo of tech-touch churn is leaving significant revenue on the table. Are you maxed out on your CS headcount but have the strategic need for more human interaction across your customer base? Do you have CS best practices that are very effective with your largest customers? What would your business look like if you were able to extend those practices into the lower segments of your customer base?

The most effective CS strategies I've seen maximize the number and purpose of human touch points across all customer segments. Those strategies increase the revenue that can come with engaging even the smallest clients one-on-one without pulling resources away from top customers. They embrace automation, not to eliminate the need for human interaction, but to find ways to make customer conversations more informed, personalized and meaningful. They lean on partners experienced in ES and CS to eliminate the learning curve, seamlessly accelerate execution with a proven playbook and provide a scalable resource.

Risk is low. And the advantages can be game changing:

- A CS partner allows for more flexibility/creativity with compensation packages, tying them directly to customer outcomes and improving efficiency
- Applying a disciplined CS methodology and action-oriented playbook to critical customer segments is a necessary ingredient of success and requires PEOPLE for things like:
 1. Goal/quota setting
 2. Cadence management to achieve goals
 3. Weekly coaching by skilled managers
 4. Applying SPIFs and contests to create a fun environment that shows up on the phone

Automation and Humans: Better Together

Remember the historical lessons of technology and the myths of automation vs. job growth. There will always be a need for the power of personal interaction. Don't be fooled by alluring technology that seems like it's addressing all your customer communication needs. It's not. And it's never been easier to map a plan that reduces churn and uncovers more lower-segment diamonds in the rough that become top-tier performers. Humans, empowered (and not replaced) by automation to act and serve. Now, that's the perfect formula.