Neuroscience and Customer Success: Building a strategy that supports human interaction

Leveraging Proven Science

DELIVER AN EXTRAORDINARY CUSTOMER EXPERIENCE

In 2015, researchers Dominic Fareri, Luke Chang and Mauricio Delgado published an article in The Journal of Neuroscience on the power of collaborative interactions in building and maintaining relationships. One of their experiments involved playing a simple game.

Some participants were told they were playing the game with other people while others were told they were playing with computers. In fact, the experiment was rigged: all of the subjects were interacting with computers. What happened? Mutual cooperation dropped significantly for those told they were dealing with artificial intelligence. But the opposite was true for those believing they were playing with humans: their brain scans showed activity in areas known for processing social rewards. The study also demonstrated that the brain stores positive emotions from mutual cooperation, but this did not occur when humans thought they were playing with computers. The key takeaway: humans activate different neural circuitry when they believe they are working with humans vs. computers, leading to more cooperative, emotionally rewarding behaviors.

More than automation

These results reflect the commonsense, fundamental concept that the most rewarding experiences involve other human beings. And the implications for our increasingly robotic business world — and delivering an extraordinary customer experience — are profound.

Automation is an important aspect of a Customer Success (CS) strategy, and a particularly alluring option when trying to reduce costs and increase productivity. But there's a downside to focusing too much on the bottom line and overlooking the benefits of human-to-human contact. Sure, costs might go down, but so too will revenue, especially from lower-tier customers who never get a human touchpoint. Productivity increases, but at the cost of higher churn.

Neuroscience offers an alternative. Study after study shows three key learnings that should be central to every Customer Success strategy: 1. humans exhibit mutually rewarding, collaborative behaviors when interacting with each other; 2. these behaviors lead to loyalty; and 3. genuine, human interactions can't be duplicated by today's artificial intelligence (AI) systems. Seems straightforward enough, but theory and application can vary dramatically.

For instance, conventional wisdom says customers renew or expand their subscriptions based solely on the black-and-white value they're getting from their software (are my costs lower?; is my productivity higher?). But neuroscience says there's more to it. Contrary to popular belief, people make decisions based upon the emotional, not logical, rewards they receive. And by its very nature, human interaction is rewarding.

When personal contact is part of a series of positive events, loyalty grows. Researchers Hilke Plassman, Peter Kenning and Dieter Ahlert showed that the reward system is more active in the minds of loyal customers than disloyal ones. This higher neural activity is due to consistently meeting and exceeding expectations for quality, value, and human interaction. Over time, loyal customers then associate higher expectations for future rewards with their favorite brands, making the act of repurchasing automatic.

Finding the right mix

There's no doubt AI is here to stay and CS leaders should closely examine its potential to boost productivity. But all too often, CS strategies are built around automation and humans fill in the gaps. What if we started with the idea that human interaction is essential to the customer experience and then build an AI strategy to support that vision? Doing so would deliver the best of both worlds — lower costs plus higher revenue.

So what does this mean for Customer Success?

Current AI technology isn't foolproof, so CS leaders must be wary. In real-life circumstances, humans can easily tell when a robot responds — their autocorrect function chooses the wrong word or a simple question returns a bizarre answer. So the approach must blend both human and artificial contact. Do it right, and you can maximize the customer experience (and revenues) from the top of your client list to the bottom. Do it wrong, and it's easy to destroy loyalty and trust in the blink of an eye.

To begin with, recognize that the uniquely human role CS professionals play can't easily be duplicated. CSMs go beyond training and support and demonstrate value after the sale. And unlike computers, they also recognize and respond to the hidden, but powerful emotional responses customers reveal along the way. Humans naturally build bonds of trust no computer can match.

To land on the optimal blend of people and robots, start by focusing on three key areas:

- Closely examine your customer journey to reveal areas where AI makes sense and where it doesn't. Human contact is best at the outset and periodically at critical junctures to establish and grow relationships. Focus personal engagement initially on onboarding, and then use tools like automation to drip pertinent communications and monitor engagement. If the message is critical and there is no reaction after period X, give a personal call. If the message is less critical and there is no engagement after period X, send a bot to check in. And so on.

- Use AI for mundane tasks while maintaining human contact at the key relationshipbuilding trigger points. For example, Colorado Springs-based software company BombBomb uses an AI-based sales assistant that emails cold leads with dynamic scripts in order to prompt reengagement. Their bot, which they named "Angie," finds and refers hundreds of customers who've previously gone dark so human CSMs can personally follow up.

- Stay on top of every AI advancement. As short-sighted as it is to ignore neuroscience in your CS strategy, it's just as impractical to ignore all the ways that automation continues its warp-speed
- progression. In a 2017 article from IBM, Christie Schneider outlines a variety of reasons why AI-enhanced customer service is the future of call centers — from the rise of messaging applications to increasing demand for selfservice options (especially by millennials). "Businesses that do not adapt," she writes, "risk a failure in communicating effectively with the next generation of consumers, which can negatively impact the customer journey and ultimately the business' bottom line."

The staffing conundrum

Given the current market's propensity to err on the side of too much automation, your optimal blend may require more people than you currently have deployed. If that's true, how do you effectively execute the blended model across all of your customer segments? If yours is like most companies, it's likely the top 20 percent of your customers account for roughly 80 percent of your revenue, and so they get nearly 100 percent of your attention and resources. But what about the diamonds hiding in that bottom 80 percent? What about the customers who are left on their own to navigate your products and services? What about the untapped revenue that can come with building those relationships without pulling resources away from your top customers?

Most of the C-level decision-makers we speak with are experiencing that exact scenario, but they don't have budget to support more full-time hires. And it's where the outsourced partner concept of Customer Success as a Service (CSaaS) and virtual Customer Success Managers (vCSM) can make the most significant positive impact on an organization. Here are a few reasons why:

- A CS partner allows for more flexibility and creativity with compensation packages, tying them directly to customer outcomes and improving efficiency.

- Applying a disciplined CS methodology to all critical customer segments (not just the top tier) is a necessary ingredient of success and a committed team of vCSMs can deliver it.

- A successful CS strategy absolutely requires people at critical points in the customer journey. A CSaaS partner can add the bench strength required to make sure these milestones aren't overly automated or, worse yet, missed altogether. They include:

1. Goal/quota setting
2. Cadence management to achieve goals
3. Weekly coaching by skilled managers
4. Sales performance incentive funds (SPIF) and contests to create a fun, motivating environment

Hiring new CSMs is an obvious solution. However, building a business case to hire more CSMs without diminishing margin is becoming increasingly difficult, as noted by Gainsight in "The Essential Guide to Budgeting for Customer Success." Plus, CS departments are often funded from multiple budgets — most commonly COGS and sales/marketing expenses. In this model, if a CS team needs more resources — headcount, technology, etc. — it doesn't control the funds to make that happen.

In fact, Deloitte's 2017 Global Contact Center survey found 55 percent of respondents indicate budget management as a significant barrier to optimizing their value.

Even if CS did control its own budgets, CS team leaders must be able to show how investments in Customer Success can lead to company goal achievement. Yet many struggle with this task because they lack a clear model for how to budget and scale their activities.

Moreover, The State of Customer Success 2018, Technology Services Industry Association (TSIA), shows clear evidence of a labor shortage in the marketplace for Customer Success. The anchor for this assumption is the 29 percent increase in compensation from 2015 to 2017 for the role of CSMs within the United States. LinkedIn also recently published its 2018 edition of the most promising jobs and in-demand skills. The role of the CSM jumped from 19th in the 2017 edition to third in 2018.

Given all these factors around talent demand and availability, CS leadership needs to be realistic about the challenges they face when implementing strategic resource investments.

A win-win approach

To successfully manage the opportunity space that lies within the smallest 80 percent of your customers, doing less in-house may actually help you accomplish more. Rather than take on the considerable cost of hiring and training full-time employees for these roles, a viable alternative is to outsource the work.

The outsourced partner concept of CSaaS and vCSM can make a significant positive impact on your organization.

Outsourcing ensures access to a larger pool of talent that is familiar with CS best practices — a key benefit given today's tight labor market. This means that you have qualified talent mapping the customer journey and managing the accounts — uncovering opportunities, converting customers into ambassadors and making your business more agile. Additionally, you benefit from lower labor costs and increased revenue.

By contrast, overburdening your own people and systems leads to burned-out employees and equipment and process meltdowns. Cutting corners almost always comes back to haunt in the long run, if not sooner.

If you hire your own team, you need to be aware of the ratio of customer accounts to CSMs. According to Gainsight, "if your CSMs are spread too thin, there will be less defense against churn and issues can slip through the cracks."

Recognize and Capitalize on Value Across the Entire Customer Set

As CS continues to advance and evolve, organizations are getting a clearer picture of how much they're missing when they only provide white-glove service to the top tier. That's where the CS model succeeds. Its focus on customer use and value across the entire customer set provides a cycle of continuous engagement, which drives revenue and reduces churn.

It's never been easier to build a business case for CS resources. Myriad studies prove its ROI. It's important to remember, however, that you don't need to build everything from scratch. The right partner, who understands your business and your customers, can help you build a realistic ROI and concrete plan of action.

This strategic approach — supported by analytics and actualized by humans — can help uncover lower-segment diamonds in the rough that become top-tier performers. This leads to increased revenue, faster growth, reduced churn and greater customer happiness. It's a win-win that also makes the C-suite happy.