

Reference Point

a newsletter for customer reference professionals

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In this month's issue

Featured Article: Tips on Getting Customers to Disclose ROI

According to our research, about two thirds of success stories -- even from top technology firms -- don't provide any quantified benefits. A common explanation is that many customers aren't willing to disclose that information, but this month's article urges you to take a second look at that. A more likely explanation is that the person you're interviewing doesn't have such information, or the interviewer isn't asking the right questions or enough questions. We provide some tips to overcome these hurdles and get the ROI information you need to create a great story.

Tool Kit: Get Your Customers To Take Reference Calls 24 x 7 -- and like it!

It's an ago-old dilemma: getting your favorite customers to tell your story to the world, without burning them out. Current technology can help solve this problem. We'll tell you how.

Parting Shot: One Way to Make Sure Your Customers' ROI Gets Measured

And that you get the information. See our suggestion, below.

This Month's Featured Article:

Tips on Getting Customers to Disclose ROI

One of the most frequent shortcomings in success stories -- even by top technology firms -- is the failure to provide quantified business results, such as lower costs, increased productivity, improved revenue and the like. (See the article, "Success stories: the top 5 mistakes," in the March issue of **Reference Point**.) Such results, of course, are critical to sales in convincing decision makers to buy your solutions.

A common explanation for this is that customers are unwilling to provide such information, but I would urge you to re-examine this. My own guess, based in part on my own experience, is that very few customer references have a hard-and-fast rule against disclosing such information. After all, by participating in a success story in the first place, they're agreeing to "go public" with the story of how they used your solution and the advantages they enjoyed from doing so. Why stop short at showing that the solution makes economic sense?

My guess is that when you're not getting some solid, quantified benefits from the customer it's because (1) the person you're interviewing doesn't know such information; (2) no one in the company has such information; or, (3) the writer isn't skilled enough or (politely) persistent enough to get this information from the interviewee.

Here's a grab bag of tips to deal with these barriers.

- **When setting up the interview, try to find the person at your customer who made the business case for your solution, and who is responsible for the results.**

This is the person most likely to know quantifiable business benefits, or if not, he can work with a skilled interviewer to figure these out with plausible estimates (see below).

- **If the customer seems reluctant to reveal quantified results that impact ROI, make sure you understand why.**

On those rare occasions when he does say that the information you are requesting is confidential or proprietary, then:

First, find out if there are other areas in which he can provide quantified results. If he can't talk about impact on sales, perhaps he can talk about impact on productivity or costs.

Second, make sure he understands that there are levels of disclosure which your firm will honor in writing. The customer may not be willing to disclose certain ROI information to the public, but perfectly willing to disclose it to individual companies, or perhaps internally to your sales force.

- **If the person you're interviewing doesn't have ROI information, ask if there's someone else at the company who does.**

I asked that question once of a project manager named "Richard" at a major consulting firm, which was using a new data storage solution -- the subject of the success story. He understood the ins and outs of the technology solution, but had no real idea about cost savings, productivity improvements, ROI, TCO (total cost of ownership) and so forth. When I asked him who might know, he said his CIO would. When I asked if it would be possible to interview the CIO, it turned out that Richard, though a couple of levels down, had developed a close working relationship with the CIO over the course of the deployment.

Within a few days I had the CIO on the phone, giving me specific numbers for the new system with great enthusiasm, including TCO (55 percent less than the previous system), ROI (system would pay for itself in less than two years due to reduction in support staff headcount), improvements in time-to-market for new software applications (cut by two thirds, on average), and more. Those kinds of numbers will create some every happy sales people.

- **Try asking your benefits questions in different ways.**

In a recent story, I interviewed an exceptionally bright customer -- a senior VP and founder of a telecommunications firm (that's actually thriving, even though it started up during the tech bubble). The firm had outsourced its system monitoring and customer service center (or "NOC," for Network Operations Center) to my client, and I was trying to get some ROI information on that.

In preparation for asking how much they saved by outsourcing the NOC, I asked how much it would have cost them to set up their own NOC. She said no figures were available since they'd never considered doing so. "It was a given that we would outsource that function," she said. Not encouraging.

Later in the interview, I asked if they hadn't perhaps done some sort of analysis showing the difference in cost (perhaps to show their investors how they were preserving their capital). "Well, we'd done an analysis up front but it was an economic analysis only because we knew we'd outsource." I then asked if it would be possible to get the figures and she said, "No, no it wouldn't be," she said. Again, not encouraging. .

But then she added, "We just knew -- I mean, it would cost us several hundred thousand dollars to get a totally redundant NOC or power generator, backup, et cetera, and then to be able to man it 24 by 7." An opening!

She then went on to explain at some length why it was such a no-brainer to do so, which, of course, was good information for the story -- but still not a real number. A few minutes later, I returned to the issue again. "I was wondering, I realize the analysis is several years old now and probably gone, but do you think you could 'SWAG' what it would have cost you to build your own NOC?"

She thought a moment and then said, "We've saved from \$xxxxx to \$xxxxx over the last four years by outsourcing that function [my client asked that I not reveal the specific amounts she mentioned]." Bingo. And her figures were quite credible because she has a CPA in addition to her MBA, plus experience as a financial analyst.

- **Work with the customer to "SWAG" the numbers yourself.**

"SWAG," of course, means a "wild guess" (more or less) -- but a skillful writer with a sense for numbers working with a bright customer might well be able to come up with a very good guess as to dollar impact right on the spot.

For example, during one interview for a story (concerning another storage solution), the customer mentioned that the new solution allowed them to dispense with some of the servers they used in their regional offices. The CR manager and I asked if he knew how much that saved them, and he said he didn't. OK, could he tell us which servers were no longer needed in the regional offices? He said they could dispense with the file server and print server. Could he estimate how much those cost? About \$5,000 each. And how many regional offices did they have? You get the idea. We eventually came up with a savings of \$70,000 for the servers plus another \$21,000 for software licensing they no longer needed.

If we'd just asked whether he had figures for cost savings on the servers and left it at that, we would have assumed we couldn't get that information.

- **If you're really ambitious, work with an outside firm to assess and monitor ROI for your customers.**

See the **Parting Shot**, below.

Tools You Can Use:

Get Your Customers To Take Reference Calls 24 x 7 -- and like it!

Here's how to use current technology to allow dozens -- even hundreds -- of prospects to "call" your favorite customers for a reference, without burning them out.

This solution is based on a Web-based platform that makes great use of Internet technology. Here's how it works. Your customer takes one thorough reference call from a skilled third-party interviewer, who asks all the questions the customer would likely get from your prospects. The call is recorded, of course, and made available on a third party Web site, for added credibility. And these aren't just testimonials in disguise but genuine, unscripted responses designed to mirror actual reference calls, the good and the bad -- that is what will reduce the demand for live calls. Interviews are then catalogued by vertical market, business problem, geography, and so forth.

It's a brilliant solution to an age-old dilemma: getting your favorite customers to tell your story to the world, without overwhelming them. They'll be delighted with this solution: It won't eliminate reference calls entirely, but will likely eliminate the great majority of them and reduce the rest to one or two brief follow up questions.

And your sales people will love it. No more waiting days or even weeks while a hot prospect cools off during the arduous process of hooking up with a critical customer reference to get some questions answered. Now when the prospect asks to speak to a reference, the salesperson can direct him to a Web URL where he can get his questions answered -- right then.

Parting Shot:

One Way to Make Sure Your Customers' ROI Gets Measured

Offer to measure it yourself! A number of firms (including ours) provide this service, for the simple reason that for all the talk of measuring ROI on technology investments, many firms simply don't do it. They are getting better at assessing ROI up front before the investment is made, but no one follows up to see what ROI was actually achieved. By providing a service that does this for your customers, you create an

attention-getting sales tool (we know our solution will result in powerful ROI and we'll bring in an outside firm to make sure this gets measured).

And for your customer reference program, it increases the likelihood that your customer will disclose the benefits your firm helped them measure.

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