

Nurturing Referencable Enterprise Software Customers

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As any competent salesperson can tell you, the value of highly referencable customers can not be underemphasized in the sales process. When it comes to expensive, technically sophisticated products it is absolutely essential to have very satisfied customers willing to stake *their* reputation on *your* product. The higher the price point, the more critical it becomes to leverage existing customers *effectively* early in the sales process. In the past, a few happy customers would be enough to meet this need. In today's market, a number of qualified reference providers, in all your key verticals, is required to experience a significant return in the form of new deals. Enterprise software purchasers are becoming increasingly sophisticated in the manner in which they solicit and evaluate both the software and the companies producing that software. Advertised ROIs are being scrutinized closely as companies assess the significant direct and indirect costs of implementing new software. Prospects are asking hard, pertinent questions that deserve clear, concise answers. It is far more convincing for these answers to be delivered from an objective third party that has been cultivated into a loyal and referencable customer.

Lay the Foundation

In the Enterprise Software market, the foundation for developing a referenceable customer base is to provide a product that more often than not meets, and preferably exceeds your customers' expectation in the areas of ease-of-use, quality and feature-set. The core is always in the product itself. Does it solve the business problem that it was tasked to accomplish? Do the users prefer it to their previous alternative? Is it easy to use? The most often under-considered segment of the foundation is the accuracy of the expectations set with the customer during the sales cycle. Too often, those responsible for closing the deal have nothing to do with the post-sale, ongoing customer relationship. Many enterprise sales processes dictate that securing the contract takes precedent over all else. Product attributes are stretched and too often are flat-out misrepresented. The long term customer satisfaction is "mortgaged" for the short-term revenue hit (not to mention the hefty commission). Without both positive product characteristics and accurate expectation setting, any attempt to build a referencable customer base is doomed to lackluster results at best.

The Building Process - Developing and Managing the Relationship

Developing a stable of highly referencable customers takes commitment on all levels of the organization. By necessity it needs to be approached as an intradepartmental project from the outset. From there it must be woven into the organization's culture as a critical on-going part of its programs to manage customer relationships and loyalty. The development process for referencable customers revolves around successfully accomplishing these 4 tasks:

- Measuring Customer Satisfaction
- Enticing Customer Participation in Product Development
- Customer Relationship Management
- Customer Loyalty Management

Measure Customer Satisfaction

Customer satisfaction is the Holy Grail when it comes to referencability. It is intuitive that only satisfied customers will be willing to make or accept reference calls on your behalf. Identifying customer satisfaction levels is imperative at the outset of the project. Effective Customer Satisfaction must answer both of these questions:

"What do our customers **like** about doing business with our organization?"

"What do our customers **dislike** about doing business with our organization?"

Once these questions are answered, it is imperative to first identify those aspects within the organization's interactions with its customers that lead to dissatisfaction. Addressing issues and reversing negative opinions is the quickest method to use in turning an irate customer into a reference. Some of the most significant referenceable customers an organization can generate were at one time thoroughly dissatisfied. The process of correcting a problem leaves a lasting impression on customers, more so than if the problem never existed at all. It is the action taken on their behalf that increases the likelihood that they will provide references. Secondly, and equally important, is to expand the impact of those areas of customer interaction that create high levels of satisfaction. Quite often, successful customer interaction methods are used in only one area of the organization or possibly for only one purpose. For example, it is common for Technical Support departments to provide customers with an online knowledgebase for self-service answers to common issues. If customers find the knowledgebase useful for technical issues, it makes sense to deploy knowledge bases that address customer service, product enhancement and sales questions as well. Analyzing other areas where successes can be replicated is an easy way to boost customer satisfaction.

Methods for determining customer satisfaction have historically been cumbersome and costly. But now with the advent of web based CRM tools the ease and cost of collecting this information has dropped dramatically. Companies like Satmetrix, Survey Tracker and Customer Sat have developed easy to manage, sophisticated survey tools that handle not only overall customer satisfaction surveys, but incident surveys as well. Taking an objective attitude toward customer satisfaction measurement, and acting on the information constructively, is the important first step in developing referenceable customers.

Entice Customer Participation

As children we all remember some situation where we were excluded from some group or activity...most everyone likes to feel important and included. So why do enterprises so often provide only token avenues for customer participation in the product development process? And why is this involvement often left up to the customer to initiate? Enticing customers to participate in the product development process from the earliest stages are fundamental not only to the creation of sought-after products, but also key in the generation of referenceable customers.

Leveraging effective customer participation is accomplished by identifying and focusing efforts on customers from as many segments of the existing customer base as possible. Most customers have neither the time nor the inclination to provide significant participation in the development process. The reasons for this are external to the software vendor's control, but without a focused effort to *entice* participation, the result will simply be a *lack* of participation. Software vendors

must commit adequate internal resources toward not only the project itself, but the selection of the appropriate customer participants. Candidates should be identified based upon objective criteria and then sold on the benefits of their participation, complete with an incentive based proposal. Which customers are most likely to participate at such levels? Customers already providing references are a great place to start. Customers who participate in customer conferences are also likely candidates.....as are those who spend the time and money to properly train their employees using professional services and/or corporate training resources. Other often overlooked candidates are those that have a lapsed maintenance agreement. These customers typically have developed high levels of expertise with the application, supporting the application with internal resources. If provided the proper incentive, they may be willing to look at a new version with an experienced eye.

The key to generating favorable customer references from Customer Participation Programs is employing an organized and coordinated effort at selling and managing the program. This needs to be accomplished with a joint effort toward mutual long term benefits. The benefits must represent more than the product quality enhancements from a customer's direct involvement in product testing. Customers typically infer these as more beneficial to the software vendor than to themselves. Benefits should also include specific compensation appropriate for the amount of value the customer added to the program. Quite often this can be achieved by offering discounted rates for services the customer is already purchasing or possibly other special incentives such as free passes, travel and/or upgraded accommodations to customer conferences. Whatever the benefit, and it need not be the same for each customer, it should be clearly spelled out what the benefit is and what the level of participation must be in order to receive it.

Approaching such programs with a long term view is essential in order to leverage the generation of references. If the company views its involvement as having a substantial impact on the end product, they are more likely to allocate the necessary resources to provide input. This is best achieved by soliciting the input at multiple stages in the development process, not just when the product is in the BETA testing cycle. Design input is crucial and best solicited in groups of 4 or 5 customers meeting concurrently with key members of the product management team. In this way, customers can readily experience their direct input in the process when they see the product during the BETA testing phase, furthering the likelihood of a better quality release version of the application. When done correctly, Customer Participation Programs add tremendous value to the sales cycle as they specifically demonstrate the distinct message: WE LISTEN TO YOU!

Customer Relationship Management

With the direct engagement of customers comes lots of useful information. But this information is only useful if it is available to the right resource within the organization in a timely manner. Customer Relationship Management (CRM) attempts to organize and deliver this information when and where it is needed within the organization. Notably this is achieved through the use of sophisticated CRM software.

CRM systems are wonderful, necessary business tools. But unless they are properly selected, implemented and maintained they are no more than glorified "address books". By definition, CRM systems are tasked to manage relationships with customers and *relationships* are the precursor to *references*. If the system in question is used universally by all internal groups that touch the customer, its value toward this end increases exponentially. This said, the best way to

ensure that the tool is universally used by all constituent groups is to make the tool indispensable to each group's primary job task.

Selection criteria are critical. Is an integrated Front Office/Back Office solution required? Which functional groups will use the system? And what are their requirements? Getting internal users to agree on system requirements is important in ensuring ALL groups use the system properly on a continued basis. Initial system deployment is a crucial point in the evaluation by users as to the strengths of the system. Accurate and complete data migration, and a feature set that immediately make employee's jobs simpler are other principal factors in the success of this type of system. Bomb at this stage and it is an uphill battle to win back users. Ongoing management and data scrubbing efforts will ensure that the user group has continued trust in the validity of the dataset.

Universal use of CRM systems creates synergies that cross departmental boundaries and provide for a common framework for customer interaction within the organization. For example, information relating to a technical support call log is readily available to both the professional services organization planning an upgrade, and to the finance department as it works to collect outstanding maintenance fees. This access to critical information for constituent groups within the organization is only possible if employees make proper use of the system. The customer is rewarded with a relationship where the different touch points within the organization act in a coordinated fashion....all working from the same, up-to-date information.

Customer Loyalty Management

Customer Loyalty Management (CLM) is an extension of CRM. CLM takes the process of relating to customers and provides a goal: Customer Loyalty. Loyal customers are defined as those very likely to do repeat business with your organization. They've done business with you and are satisfied to the point that they wouldn't hesitate to do business with you again. These customers provide the BEST references. Rewarding them is in the organization's best interest.

An effective Customer Loyalty Program will go a long way toward maintaining valuable referencable customers. But beware...an ineffective one can have your "loyal" customers turning to your competitors. What makes for an effective loyalty program? A well thought out program considers the following questions: "Why do customers want to do business with us instead of our competitors?" "What kinds of rewards are likely to encourage them to continue to do business with us?" The answer to these questions identifies areas on which to focus a Loyalty Program and which kinds of rewards are appropriate. Both questions create an opportunity to gather very good input on a Customer Satisfaction Survey.

It's ALL about the CUSTOMER

A business' greatest asset is its customers.... and a customer that will help you sell to others is the best kind. Businesses that take their customers for granted exist at their own peril. Without happy customers the chance for continued success is slim. Take care of them, treat them with respect, thank them for their business, build loyal relationships with them, and they will take the time to thank you by providing references for you.



About the J Hamilton Group

The J Hamilton Group is a full service technology consulting firm specializing in representing customers interested in purchasing and deploying Software-as-a-Service (SaaS) applications as well as assisting software companies transition from traditional software delivery models (client/server) to web-based, subscription models.

JHG has over 25 years of experience working with small, medium and large sized companies to meet their backoffice application needs. JHG provides customized services with a proven penchant for high value and demonstratable ROI on all phases of the consulting project. JHG custom tailors each and every engagement to specific client needs.

JHG is the ONLY consulting firm in the world that specializes in the Birch Street suite of Hospitality eProcurement applications having over 6 years of hands on experience with the applications and having worked with a host of Birch Street customers ranging from Omni, Hilton, Hyatt & Marriott.