



Customer Reference Programs at The Tipping Point

by Bill Lee



Bill is Founder of the Center for Customer Engagement, President of the Summit on Customer Engagement and author of *The Hidden Wealth of Customers: Realizing the Untapped Value of Your Most Important Asset* (Harvard Business Review Press, 2012)

He can be reached at
+1 214.907.5600 or bill@
centerforcustomerengagement.com



Buyers increasingly expect to check with their peers before they'll purchase from a company — using social media, peer communities, old fashioned live events and conferences, personal and professional networks, and other connective tools. This means they want to talk to your customers.

Social media understands this and facilitates it. Some of the most exciting — and challenging — innovations in social media are around how to enable users of sites like Facebook and Pinterest to make recommendations, referrals, or “likes” of the products and services they use. Traditional media also gets this. As InformationWeek's Eric Lundquist put it recently, “The first question from most tech journalists — including myself — is ‘Do you have some customers that I can speak with about your new product?’”

Is your firm ready for this new age of peer-to-peer marketing? Let's say you're preparing for a major product or service launch. Can your organization answer these questions?

- Which of our customers would key buyers most like to learn from? How many are references and advocates for us? Do we have enough to make the launch a success?
- Have we engaged our references and advocates in long-term relationships? Or do we just contact them when we need something — like a sales reference, blog post, testimonial, or media interview?
- How long does it take our social media, PR or marketing people to find our customer advocates when they're needed to rebut a critique or attack, or talk to a media interviewer?
- How long does it take our sales people to find customer references when they're needed to close deals? How often do they fail to find a suitable reference at all?
- Are we taking advantage of new advocacy technologies that can do things like automate organization and packaging of customer testimonials and other customer content?

If you aren't getting the right answers to these questions, a vibrant customer reference program can provide them. Indeed, given the explosion in peer-to-peer marketing, customer reference programs in general may be on the verge of a tipping point in marketing. —Bill Lee

If you aren't getting the right answers to these questions, a vibrant customer reference program can provide them. Indeed, given the explosion in peer-to-peer marketing, customer reference programs in general may be on the verge of a tipping point in marketing. As CMO Scott Olrich — whose start up firm, Responsys, has landed marquee customers like Southwest Airlines, Whole Foods, LEGO, Harley-Davidson, ESPN and the National Basketball Association — put it at our 2012 Summit on Customer Engagement, “customer advocacy is marketing and marketing is customer advocacy.”

Here are 5 things in particular that we've found are key to making sure your organization has the right answers to the questions above.

Establish a customer reference program to build an army of advocates.

Many firms leave customer references and other forms of customer advocacy (such as referrals, testimonials, word of mouth, evangelism, media or blogger interviews) to chance or informal, uncoordinated processes with modest goals. Big mistake. Even your most passionate customers who love your firm, aren't necessarily letting anyone else know about you. In studies from two industries, only ten percent of the "promoters" in Net Promoter Score surveys were actually referring profitable business. You need an organized program, with a strategic approach.

Put references at the center of your growth strategy

As he was growing Salesforce.com, Marc Benioff placed huge importance on developing customer advocates, which he saw as his best asset for competing against the big, entrenched competitors he was going up against, with their much larger, multi-million dollar marketing budgets. From the first, he created and staffed a customer reference program that identified advocates, built a database out of the growing legion of them, developed relationships with its most valuable and talented advocates, and reached out to them for other activities such as testimonials, media interviews, speaking opportunities and more. He also institutionalized their use. Of the five steps the firm uses in its sales process, three must include some form of customer reference content or engagement. It's fair to say that one of the firm's core competencies — especially in today's world of peer-to-peer marketing — is its ability to continue innovating new ways to develop, engage with and nurture its customer advocates.

In building its widely-admired social media strategy, Intel follows a similar path. Many firms leave social media initiatives in the hands of IT people, who eventually run out of engaging content or interesting peer interaction opportunities for prospects. Intel director Rhett Livengood, who runs the firm's customer reference program, works hand in hand with social media teams to keep a continuing, fresh supply of highly-engaging content coming from the one source prospects do want to hear from — Intel customers — in the form of customer videos, stories, blog posts and comments. As a result, page views and new prospect contacts on Intel's websites have vastly increased.

Give your customer reference program a seat at the table

If you agree that the questions above are critical to achieving your growth goals, don't leave responsibility for them with lower level managers. Put a seasoned executive in charge of your reference program — or at least under the sponsorship of a seasoned senior executive who has clout and understands its importance. And give him or her a seat at the strategy table.

For example, the reference program at a dynamic \$3 billion enterprise software firm I know is run by a talented senior director, who attends yearly planning and product

launch sessions. She can show the firm's senior executives how many and what kind of customer references they'll need to meet growth goals, and how much budget it will take to manage the program, get the right customers into it, get the content and creative developed such as case studies and videos — all based on her team's accumulation of substantial data over the years.

Don't strive for "100% referenceability."

Some eager executives hell-bent on rapid growth establish this as a goal or at least, a corporate aspiration. Drop it. It's another recipe for losing focus (and there are a lot of these today). Focus attention on securing those relatively few references and advocates who can make a big impact on strategic goals. In today's world, an effective "army of advocates" is lean and focused only on high value leads.

Revolutionize your customer value proposition.

Some firms make the mistake of offering customers monetary rewards or other inappropriate inducements to advocate. That's a bad idea for a lot of reasons: it's not ethical, buyers can see through this, and it's bad for your organization. If it's hard for your reference team to find references who'll say nice things about you, then change the way you're delivering products and services (a subject for another post). Obviously, you want customers advocating because they're genuinely passionate about their experience with you.

That said, even companies that are delivering outstanding products and services can induce "reference burnout" with repeated requests to field reference calls, participate in industry events or media interviews and the like. This results from an approach in which reference teams approach advocates only when they need something, and think of it as asking for a favor.

Effective reference programs discard this "hat in hand" approach by refashioning their total customer value proposition. They do this, first, by making sure that the firm's products and services are delivering on promises and getting results. But that's just the start. They stay abreast of the customer references' needs. They align their marketing message with the customers' whenever possible. They help the customer reference affiliate with her peers (including your other customers). They help raise his or her professional profile in case studies and media stories by emphasizing her success rather than the firm's products and services. Customer references for such firms aren't a favor, they are part of a high mutual value proposition.

Is someone with clout at your firm making sure that potential buyers are learning about you from the customers they'd like to engage with? If not, consider creating a customer reference program that's built on these core principles.