CENTER FOR CUSTOMER ENGAGEMENT

Turn Your Customers Into Your Most Powerful Sales and Marketing Force

Bill Lee, President, Customer Success Center
Author, *The Hidden Wealth of Customers* (Harvard Business Review Press, 2012)

Buyers are increasingly bypassing your marketing and sales efforts. They're finding their own resources to check you—and your competitors—out. They want to hear directly from your customers.

In this eBook, I'll show you how to get the right customers into those conversations. In many industries, this is the fastest way to achieve dramatic growth in today's new reality.

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PROLOGUE: HIRE YOUR CUSTOMERS

They can do a lot of things to grow your business better than you can.

Some firms give more thought to whom they'll hire for staff functions than they do to which customers they'll pursue. Big mistake. There are few employees or even senior executives who are critical to any business. But customers *are* critical to any business.

To achieve dramatic growth, start here: "hire" your customers. Pick them as carefully as you do your senior leadership. That's because when it comes to growing your business in today's world, customers are more important.

Companies like Salesforce.com, Apple, SAS Institute, Amazon and others who become particularly proficient at growing find that customers bring key talents in far greater abundance than any employees, consultants or agencies they can hire.

And I'm referring to *core* talents that are critical to growing your business—critical to marketing, sales, product innovation and even the post-sale customer experience. Here's a summary of the customer talents that Marc Benioff, founder and CEO of Salesforce.com, uncovered and leveraged to the hilt to build his firm.

Marc Benioff's Epiphany

Our customers are:

- More ***credible*** to buyers
- More ***persuasive*** to buyers
- More ***empathetic*** to buyers
- More ***interesting*** to buyers
- Better able to ***understand their needs***

…than we are.

And there's a lot more of them.

Putting Customers to Work Growing Your Business

Our research and client work—along with the companies we'll discuss here—show that companies that excel at putting such customer talents to work have created significant impact on three of the five phases of their growth strategies.

In addition to the client work and research we do, I've led Executive Breakfasts on this topic over the past two years with senior executives from large as well as aggressive-growth firms such as **Salesforce.com, 3M Health Care, Fusion-io, Discovery Networks, Unidesk, Oracle, Siemens, GE, Deutsche Telekom** and others. They're turning to customers to solve a wide array of growth challenges, such as

Customers Can Dramatically Impact These Phases

penetrating new markets, restoring declining customer retention, "crossing the chasm" (from selling to early adopters to selling to more conservative later adopters), improving innovation, managing exploding demands on customer service, penetrating the C-suite, getting loyal customers to actively promote their businesses, and winning marquee customer advocates.

So the information I'll share with you in this eBook isn't theoretical. It's actually happening in the real world at real companies engaging in remarkable ways with actual customers.

Customers can improve products and services.

Specifically, customers can create immense improvements in your **products and services**, including product and services innovation, strategy, roadmaps and beta testing.

For example, Microsoft "MVP" (Most Valuable Professional) customers provide 28% of actionable feedback on new software releases, resulting in substantial gains in quality. 3M—not exactly a slouch in innovation—found that by collaborating with "lead users" in its medical-surgical business, average five-year market penetration of new products doubled, and average five-year revenue on new products increased a remarkable *eightfold* (from an average of just $18 million to a robust $145 million per new product).

Customers can improve performance.

At the other end of the growth strategy, customers can substantially boost your post-sale **performance** by making dramatic improvements in customer experience. For example, they'll participate in and even help you build customer communities such as user groups or advisory boards. They'll also service and support your customers far better than internal or outsourced servicing functions. Microsoft's MVP customers have saved the firm hundreds of millions of dollars in support costs.

Customers can improve promotion (our main subject here).

And when it comes to **promotion** (which is the main focus of this eBook), customers will do amazing things to move buyers through the entire decision journey they take toward becoming your customers.

The examples abound. Here are a few. You can find many more in my book *The Hidden Wealth of Customers*.

- In the early days of **Salesforce.com**, Marc Benioff found that 80% of prospects who attended and interacted with customers at small live events he organized became customers themselves. The events—which he called "City Tours"—cost an average of just $250 per person.

When you see Salesforce.com's annual customer event, Dreamforce (which drew 130,000 registrants last year), you're seeing the grandchild of those first, sparsely attended City Tour events.

- One of the key decisions in creating **Amazon's** sustained, rapid growth was allowing customers to post on its site candid reviews of the books they read. Against stiff resistance from board members and particularly from publishers, Jeff Bezos insisted on unscreened customer reviews, reasoning that otherwise visitors would leave Amazon's site to seek candid information from readers like themselves. Bezos' insight kept buyers from leaving Amazon's site to purchase elsewhere—one of the great insights in the new world of marketing.

- Facing a serious sudden decline in customer retention rates—from 98% to 88%—**SAS Canada** recruited its "Customer Champions" to help restore them. The Champions responded by organizing live events in 21 cities around the country, lining up speakers, speaking themselves, and contributing to an online forum and e-zine. The result: retention rates were completely restored.

- To solve one of the hardest growth challenges—expanding into foreign markets, particularly in areas where it didn't speak the language or know the culture—**Microsoft** has cultivated local MVP customers with tremendous success. In addition to helping the firm master the complexities of local cultures and norms, together with essential help in product testing and post-sale service, the MVPs also provide 20% of its marketing communications in these markets.

- Beginning in the early 1980s, **Harley-Davidson** revived its sputtering business in two ways. One was to start selling to police departments in order to shake its association with outlaws and gangs. Second, it formed what became one of the great customer communities: the Harley Owners Group (HOG), consisting of middle-class, suburban men—the demographic it most wanted to attract. Today, HOG has more than a million members—whose group rides and gatherings constitute a superb marketing force—and is aggressively recruiting women.

- **National Instruments**, a respected engineering software firm that traditionally sells to mid-level managers, successfully moved to selling to the C-suite. To do so, NI found and creatively engaged existing rock star customers to develop ROI case studies and provide introductions to executive decision makers, who have much larger budgets and can purchase its solutions faster.

The list of ways that the right customers can promote and dramatically grow your business goes on. Let's see how to get started with getting the right customers at your firm—your rock stars—to achieve such dramatic results.

1

FIND OUT HOW YOUR PROSPECTS ARE BUYING.

Buyers are bypassing sales cycles and marketing funnels. They want to hear from their peers—meaning your customers.

Buyers increasingly control the "promotion" phase of your growth strategy. In fact, it's best to reframe "promotion" or "the sales cycle," and think of these as "the buyer's decision journey," reflecting the fact that buyers are in control. And the way that buyers buy is dramatically changing. The most important shift is in the sources they gravitate to.

Buyers glean information from just three sources:[1]

V: Vendor

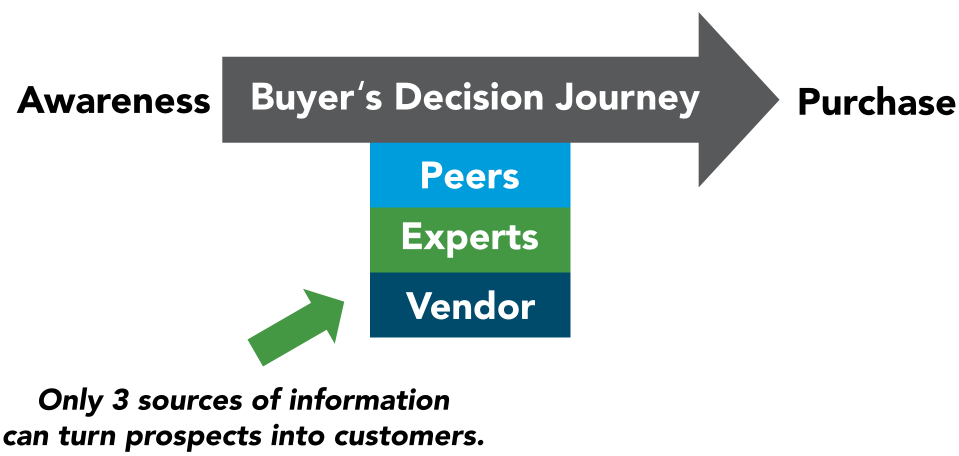
This is information from you and your competitors, the vendors, in the form of marketing communications and sales.

E: Experts

These are generally respected third-party sources in your market or industry, who might include media commentators, analysts, bloggers, channel partners and the like.

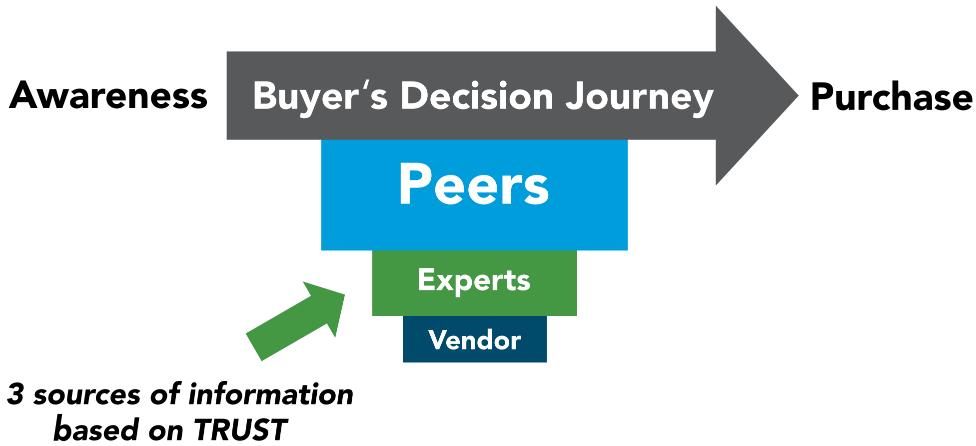
P: Peers

These are the people using your product or service and those of your competitors—that is, customers—whom the buyer regards as peers.



As we've seen, chances are quite good that your buyers are increasingly ignoring your marketing and sales approaches, while aggressively seeking information from their peers. So let's refine this view of the buyer's decision journey to reflect that reality. Yours probably looks something like this:

[1] If the buyer is also (or was) a customer, her previous **use** of your product or service—or customer experience (CX)—will also influence her decision to purchase now. Note that your existing customers can have powerful influence on the CX as well, in the form of vibrant customer communities, customer reviewers, customers who provide guidance or technical support, and so forth.



So find out specifically how buyers are getting information from their peers, and (probably to a lesser extent) from industry experts, and (probably to a greatly reduced degree) from you.

I've found that firms either ignore this (or think they already know how their buyers are purchasing, when they don't), or they overthink and overcomplicate this, implementing social media analytics tools or measures that have only a tenuous relationship to how buyers actually decide.

Try these simpler approaches first.

1. Just ask.

For example, a firm one of our colleagues worked with—which was going through all kinds of tests to figure out how customers were buying—finally just asked them.

They found that 3% were relying solely on certain product review sites before purchasing, and another 13% said that while they used other sources, the same few product review sites were their most important source for purchase decisions. That was 16% of their customers who placed great importance or more on these particular review sites. That translated into nearly $40 million in revenue—and up to that point, the firm hadn't paid much attention to these sites.

So the company promptly shifted enough resources to shoring up its product reviews—by enlisting its customers in the effort.

2. Pick up the phone.

Surveys can help you gain insights into buyer behaviors. But often, it's better to just pick up the phone.

Sound anachronistic? Sure. But that personal touch is far more effective. Consumer electronics marketing expert Alex Goldfayn estimates that even in such a huge, mass-market business, executives who regularly spend just 15 minutes on a well-structured call with 30 or so customers per year (total: 7.5 hours per year) will have a perfectly clear idea of how their buyers purchase, use and value their products. After about 30 calls, the information will start to repeat itself.

It's about gathering information personally, directly from customers' mouths, rather than from impersonal survey data filtered through analyses and PowerPoints. Can you think of a better use of one day per year by each member of your senior leadership team?

Your Buyer's Decision Journey (BDJ) Strategy—In a Nutshell

To sum up, your buyer's decision process consists of *conversations* with or *information consumed* from their peers, from experts, and from marketing and sales provided by you the vendor. As mentioned, an increasing portion of conversations sought and information consumed by buyers will come from their peers, and less from you.

Your strategy then is straightforward:

- Get the *right* customers—I call these your "rock stars"—into the conversations buyers want to have.
- Get the *voice* of the right customers—your rock stars—into the information they consume.

Conversations can happen between neighbors across the proverbial fence, or with members of the buyer's affiliation community or professional association, or with colleagues at work. You want to get the right customers into those.

Information consumed might include reviews, ratings, speeches at industry events, analyst reports, case studies, video testimonials, blog and social media posts, webinars, articles and the like. You want to get the *voice* of the right customers into those. That is, to the extent that buyers are consuming information from third-party experts, you want to get your customers into that information. Offer to make customers available to important analysts or respected independent reviewers—chances are excellent they'll want to talk directly with actual customers rather than with your marketing people.

And to the extent buyers are still consuming information from you (from your salespeople, or produced by your internal employees or agency writers), you want to make sure you're communicating the success that your customers are achieving with your products and services—as the *customers* define success, and including *their* emotional connection with you as well as using the language they use to describe it.

So the *promotion* part of your growth strategy—which we've reframed as *the buyer's decision journey*—looks like this:

The goal is to get your rock stars into the conversations with and the information consumed from the sources your buyers use.

2

FIND YOUR ROCK STARS

These are the customers you want to get into the conversations buyers are having and the content they're consuming.

So who are the *right* customers—what I call the "rock stars"—that you want to get into the conversations buyers want to have, and the information they want to consume? Sometimes they're called evangelists, or customer advocates. I prefer *rock stars* because actual rock stars—like Bruce Springsteen or Bono—have three distinguishing traits:

- They're magnetic. They attract large audiences.
- They tell great stories.
- Their audiences perceive them as peers, as "one of us," no matter how rich or famous they become.

And that, in a nutshell, is what you're looking for in your rock star customers. Only instead of telling their stories through music, they tell them through references, referrals, conversations, speeches, videos, blog posts, customer reviews and other means. Come to think of it, why not singing too?

Your rock star customers are the ones most willing and best able to tell their stories in ways that grab the attention of your buyers far more effectively than anything you can say.

Here are a few examples from companies we've already mentioned:

Apple iPhone users and **Harley Owners Group** members include many rock stars, who talk to the media, get local coverage, shoot videos and upload them. They form vibrant groups and communities, both online and live. They create conversations that attract buyers.

You don't need to have a sexy or iconic product to produce rock stars.

Bill Jelen, for example, is a **Microsoft** Excel rock star (or MVP, in Microsoft's terminology). Jelen runs a website that often attracts more hits than Microsoft's own Excel page. He publishes books on Excel, gives speeches and webinars, conducts training, publishes a widely read newsletter—the list goes on. He's a one-man marketing machine.

The somewhat lower-key **Damond Ling** is a rock star for **SAS Canada**. He provides regular references to help sales close deals, speaks at industry events, and participates in the firm's most important customer group, the Data Mining Customer Community. Actually, he formed the community. He also developed an important software add-on to the firm's flagship product. And he was one of the rock stars who led the charge to restore SAS Canada's declining customer retention rates, mentioned in the Prologue.

And one other thing. Rock stars don't just come from the ranks of middle management. **Patty Morrison, CIO and EVP at Cardinal Health**, is an enthusiastic rock star customer. She's quite open to creating joint case studies, co-marketing, serving on customer advisory boards, and eventually providing referrals—for vendors who build the right kind of relationship with her. Unfortunately, most don't. I'll show you how in the Appendix.

Microsoft MVP: Bill Jelen

- Hosts highly influential Excel website
- Speaker, blogs, gets interviewed
- Publishes books on Excel
- Provides a variety of services, support to Excel customers

SAS Canada Customer Champion: Damond Ling

Integrate or Die

Marketing Director

- Provides references frequently
- Speaks at SAS and other industry events/conferences
- ***Launched*** the SAS Data Mining Customer Forum
- R&D collaboration, including code for flagship product

Marquee CIO: Patty Morrison

Patty will:

Patty Morrison, EVP & CIO, CardinalHealth

- Co-market with you
- Co-create intellectual property
- Provide in-depth input on what to sell her
- Serve as a reference
- Provide ***referrals***

There are three important things to know about rock stars like these:

1. You have more potential rock stars than you think.

I often see companies go through a period of hand-wringing, even soul-searching, when they get serious about cultivating rock stars. "We're not good enough yet," they might say. "We need to improve our customer experience first before we can get enough customer advocates and evangelists, much less rock stars."

Nonsense. It may be true that you *do* need to improve your customer experience (CX). But in my experience, even firms with tepid customer loyalty scores have plenty of potential rock stars. If you're a viable firm that's been in business for more than a year, chances are that if you survey your customers and ask them the Net Promoter question—"How likely would you be to recommend us to a colleague or friend?"—at least 25% would be highly likely to do so. So at least one-fourth of your customer base are contenders for rock stardom right now.

If you wait for months until your CX scores improve, you're leaving a lot of money on the table.

2. They're not hard to recognize.

Even when Microsoft was wrestling with the complexities of penetrating new markets in regions where it didn't know the language or understand the culture—*and* where Internet connections were unreliable—it had little trouble finding local rock stars. Its employees simply visited live software user groups and got to know the locals. The potential rock stars were not hard to recognize.

Here's a list of traits that companies like Microsoft and Salesforce.com look for:

Recognizing Potential Rock Stars
(It's not that hard.)

Rock stars naturally:

- **Are perceived as peers to your buyers.**
- **Like to affiliate, expand their networks.**
- **Have an attractive (strategic) network.**
- **Enjoy helping others.**
- **Are active in your—and other relevant—communities, live and online.**
- **Are willing to tell your story—and *gain value* from doing so.**
- **Have authority, influence.**
- **Are respected.**
- **Have a professional demeanor.**

3. They're very powerful—it takes just a few.

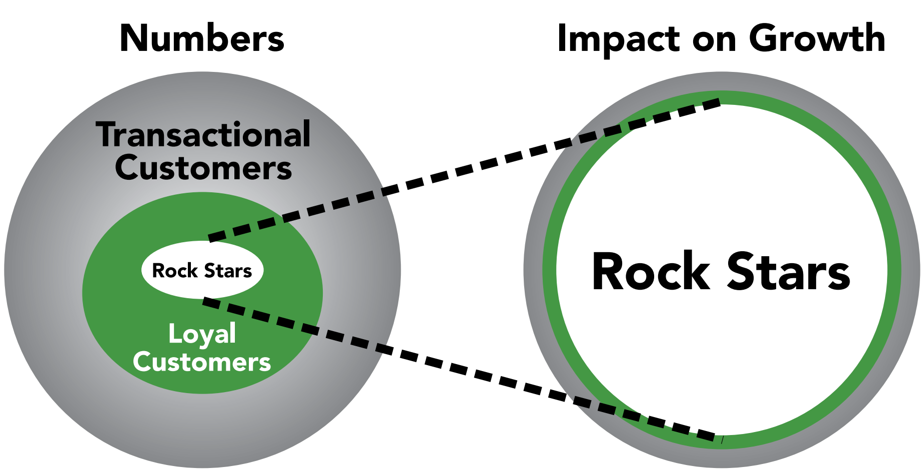
For example, the vast majority of **Amazon's** reviews are done by a small fraction of the firm's customers, who are recognized by inclusion in the firm's Hall of Fame.

We've seen that **Microsoft** relies heavily on its rock stars (or MVPs) to penetrate new markets, particularly in developing countries. They provide exceptionally valuable feedback on new releases that improves quality, they provide much of the firm's most important marketing communications, and they save hundreds of millions of dollars in services and support costs. Yet the MVPs represent less than 1% of the firm's customer base.

We've seen that **SAS Canada** rock stars (or Customer Champions) were instrumental in reversing the firm's seriously declining customer retention rates, playing a central role in pulling retention rates from 88% back to their traditionally high rate of 97% to 98%. Yet SAS Canada has only 250 Champions. And of those, only 50 are designated "Super Champions"—the ones who did the bulk of the heavy lifting for the restoration effort.

So rock stars are not hard to find, and it takes just a few to have a powerful impact on growth. Yet many firms struggle here. They have plenty of potential rock stars, but the firms find themselves turning off customers or "burning them out" when they try to engage the customers in their growth strategies. Or they fail to capitalize fully on the customers' huge potential to create explosive growth in today's world.

Rock Stars: It Takes Just a Few



We'll see how to solve these issues in the next two chapters.

3

GET ROCK STARS PASSIONATE ABOUT GROWING YOUR BUSINESS

Forget monetary rewards. Build their social capital.

Are You Getting CX Backwards?

"Create a great customer experience (CX), and you'll create robust customer advocacy," according to traditional thinking. Actually, that's backwards.

Build exciting rock star opportunities *into* the customer relationship from the start, in order to build a dynamic CX.

Rock stars will do amazing things to promote your business. We've seen several examples above. So what's the hang-up? Even companies who get this concept stumble. And here's the main reason I've observed.

They think the key to robust customer advocacy and influence lies in the customer experience (CX). Provide a great experience with your products and services, and you'll get great customer advocacy. Actually, with relatively few exceptions, CX is just the starting point. The price of admission. Customers who report a great CX—even "promoters" in Net Promoter Score surveys*—don't actually promote on their own. They need guidance and encouragement: a platform.

Other firms, realizing this, create a system of rewards, including monetary rewards, to encourage the high level of rock star activity they need to move buyers. That's a mistake. It undermines the trustworthiness of the very customers you need to establish *your* credibility. And it's not what real rock stars want.

So let's clarify this. Social scientists can show the way. Rewards work when your relationship is based on *market* norms, as it is for ordinary customers. But our research shows that companies who excel in creating rock stars move those relationships to ones that are based on *social* norms. So instead of providing rock stars with market-based rewards, they help their rock stars build *social* capital. *That's* what generates amazing advocacy and evangelism.

Rock stars crave *social capital*. This is the resource that helps them expand their valuable peer networks, provide value to them, and derive value from them. Humans are hard-wired to want social capital. Rock stars, especially so.

Take another look at the list of rock star traits in the figure in the previous chapter, "Recognizing Potential Rock Stars." Rock stars like to affiliate. They like to learn—and share—knowledge. They like the spotlight. They like recognition. They like to have a say in what you do. *These* things create a lot more value in the mind of a rock star than points, discounts, gift certificates or leather jackets.

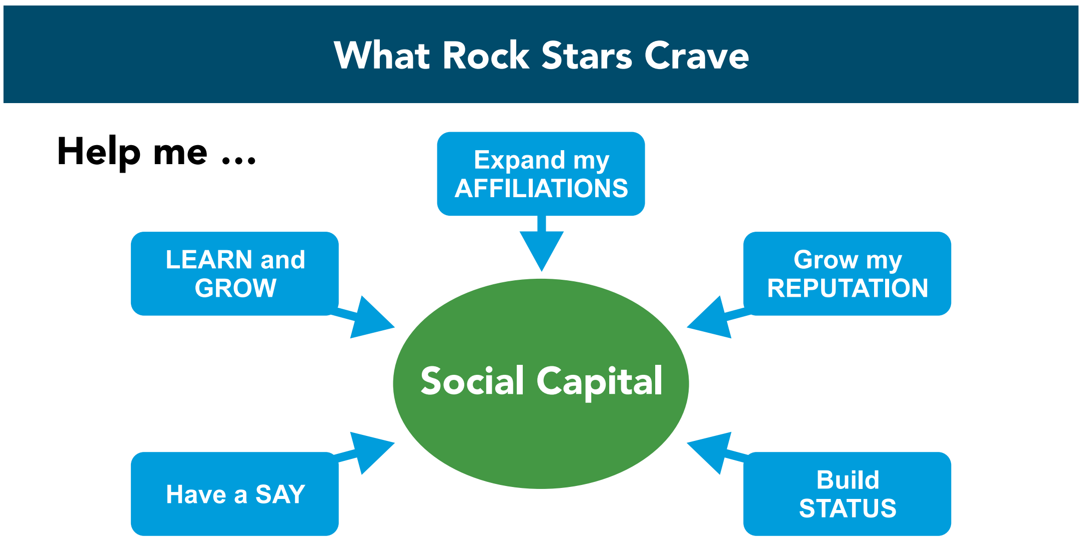
* These are customers who, when asked "On a scale of zero to 10, how likely would you be to recommend us to a colleague or friend?" answer with a 9 or 10. In other words, they *say* they'd be highly likely to recommend you. In fact, research shows that few actually do so without encouragement.

5 Ways to Help Your Rock Stars Build Social Capital

1. Expand their affiliation networks.

Offer to expose your rock stars to new people, new audiences, new forums, new colleagues. They love this. Invite them to speak at industry events, to participate in your advisory boards, your user groups, and your customer forums. Invite them to develop relationships with your other customers.

Social media can help with this, but live interaction—human-to-human (H2H)—is the most compelling. If you think about it, you've seen it in your own life interactions with people you want to affiliate with. In-person contact versus online? There's no comparison.



2. Build your rock stars' status.

Do this with special designations, recognition, leadership positions, awards and the like. Even what you call rock stars matters a lot to them. That's why Salesforce.com and Microsoft call their rock stars MVPs (Most Valuable Professionals). It's why SAS calls its rock stars Customer Champions. It's why Amazon has a Hall of Fame for its top reviewers.

A select group of Salesforce.com's MVPs is accorded the honor of highly coveted front-row seats when Marc Benioff delivers his keynote to the company's annual customer conference, Dreamforce. It's about status. Rock stars love this. And when you give it to them, they'll talk about you as a result.

3. Help them build their reputations.

Do this by focusing on their success, as they define it. This is the information your buyers want most. And of course, it's information that your rock stars will most love to share with your—and their—networks. So get them on stage, and before Internet audiences of their peers. Tout them to industry pundits or analysts to be interviewed and written up. Develop "ROI case studies" in which you help them determine the impact of the work they've done (with your help, of course) on their firms' financials—information that your buyers want and that will make the rock stars who provide it look good to their employers.

4. Help them learn and grow.

Rock stars crave this. Many of our clients don't realize that they're in a far better position to provide exceptionally valuable information to their potential rock stars than bloggers, analysts or even experts in their field. That's because they have 1) industry experts working for them in their engineering, product development or other technical areas, and 2) successful customers whose stories and expertise they can also mine.

CEO Marc Benioff with Salesforce.com MVPs. They have coveted front-row seats during Benioff's annual keynote at Dreamforce.

Rock stars desire this information and will happily pass it along to your buyers. Doing so increases their social capital—their value to their peer group. So give them knowledge to share. Microsoft, SAS, Salesforce.com and many others do this happily for their rock stars by including them in important industry information flows, giving them advance news about product releases, access to their engineers, even their senior management. Provide these things to your rock stars. They'll flock to you in a heartbeat. And then they'll tell your customers and buyers.

5. Give rock stars a say.

Giving customers a say in the products and services you sell them binds them to you. You're conferring power on them. This creates buy-in. And this is another aspect of social capital. If they have genuine influence with you, they'll talk about you.

Marc Benioff did this from the get-go when he was building Salesforce.com. Even before his first sale, he invited prospects to show his developers what they hated about existing enterprise software. And he incorporated their input. He asked prospects to test and try to break his new releases, and to tell him about anything that made their usability less than great. And he incorporated that information. In such ways he bound them to the products he built and turned prospects into customers and then into rock stars.

He gave them a say. And as a result, they talked about Salesforce.com.

In these ways, companies like Salesforce.com, SAS and Microsoft are building passion in their rock stars. They don't suffer from reference burnout and inability to find new advocates. Not when they're putting extroverted rock stars on stage, in the spotlight and in the know.

Further, rather than just relying on *others'* stages and spotlights, they're also creating their own for their rock stars, as we'll see next.

4

WOULD YOU RATHER MARKET TO STRANGERS, OR TO YOUR OWN COMMUNITY?

Your rock stars can help build one for you.

Whom would you rather market to? An amorphous, noisy "market" of mostly strangers? Or a vibrant, magnetic *community* of customers and prospects led by your rock stars and potential rock stars?

More companies can build such communities than think they can. And in today's buyer-driven markets, more companies *should*.

Why build community?

First, customer communities give your rock stars a stage, an audience. There are few synergies in business as powerful as giving your rock stars a community to affiliate with. They'll help you build it, they'll help you run it, and they'll help turn it into a powerful marketing force.

Second, communities create tremendous value for buyers throughout their decision journeys and beyond, as they become customers and potential rock stars themselves.

Third, in a world in which buyers are seeking information from and conversations with customers, communities create high-value new conversations that can strongly attract buyers. I call this "community gravity."

But Are Your Offerings Embarrassing?

If you think your offerings are too boring or mundane to build a vibrant community, think again. One of the most successful customer communities is Procter & Gamble's BeingGirl, built by the division—Tampax—that doesn't just make boring products, it makes embarrassing products, especially to teenagers. Yet hundreds of thousands of teenage girls engage with the site monthly.

How to Create Powerful "Community Gravity"

To build such a community of your own, the process is straightforward. Don't try to organize your community around "our brand," a common mistake. Start by asking, "What does our product or service mean to our customers? What *could* it mean?" Then organize your community around that meaning. Focus on customer success. Get your rock stars heavily involved in building it. And help community members build their social capital—just as you've done for your rock stars.

Ask, "What does our product or service mean to customers? What could it mean?"

If your internal people were to guess the answers to these questions, my bet is they'd be wrong. Most companies are surprised when they actually start investigating this. Procter & Gamble struggled to find an audience for BeingGirl, until they thought through the conversations that members wanted to have. Teen girls had no interest in talking about feminine hygiene per se, or learning from experts on the subject. But they were extremely eager to talk with each other—their peers—about the life changes they were going through, and they saw BeingGirl as a platform for doing so. *That* was the meaning of Tampax to them.

Community Gravity: Create Irresistible Attraction

The meaning that emerged with Harley-Davidson's million-person community, Harley Owners Group, was also surprising: you might expect "adventure" or "the open road," but the deepest meaning that emerged was members viewing each other as family, the brothers and sisters they never had.

The meaning of Apple's communities isn't the technology Apple creates, and certainly not the features of its various products. It's about being part of the cool group, a group that thinks differently and appreciates beautiful design.

If you're a B2B firm, you have an almost automatic, built-in meaning attached to your offerings: they're helping customers get an identifiable job done, the same basic job that their peers are trying to get done. And that's a basis for community.

Focus on customer success, not your idea of your brand.

Marketing departments will naturally try to organize communities around their internally generated brand messages. That's not a good idea.

Now that you have an understanding of what your offerings mean to customers, organize communities around that, and focus on helping customers succeed *in terms of that meaning*. For example, BeingGirl engages its girls on all kinds of topics relevant to the change in life they're going through—many of which (such as beauty, relationships and entertainment) have little to do with feminine hygiene products.

You can be sure that the SAS Canada forums mentioned above weren't about SAS products per se, or about helping SAS reverse its customer retention problem. Rather, they were about solving important data analytics problems common to the community (using SAS software, of course).

Even a *Toolbox* Can Have Meaning.

I often ask audiences to try and stump me with a product so boring it can't possibly mean anything to a customer. Even a mundane plastic toolbox has a meaning. I once helped a good friend who'd gone through a painful divorce, and took her to a local hardware store to get some tools she'd need around the house: hammer, screwdrivers, small saws, measuring tape, nails, etc. As I filled the shopping cart, I could see she was getting distressed at the thought of having all this junk lying around her house. So I said, "We need a toolbox." She said, "What's a toolbox?"

So I got one, loaded all the tools into it, organized them neatly, snapped it shut and handed it to her. "*That's a toolbox*," I said. After a pause, she said, "I *love* my toolbox!"

It meant a new sense of self-sufficiency to her, without making an unsightly mess and that could be stored out of sight until needed. *Every* product or service means something to customers. Or could. So find out what that meaning is for *your* product or service.

Engage your rock stars to build your community.

They'll love this. You're giving them an opportunity for leadership, to expand their affiliation networks, to gain recognition. When SAS Canada reached out to its Customer Champions to address its declining customer retention issue, they formed an executive council, arranged "forums" in 21 cities around the country, lined up speakers, spoke themselves, and contributed to an online forum and e-zine that were formed.

Look again at the traits of rock star customers (in Chapter 2), and you'll see that they're eminently qualified to help build communities. SAS Customer Champion Damond Ling, for example, not only was a brilliant customer and dependable reference, but he also had exceptional leadership and communication skills. He not only participated in SAS's most important customer community—its Data Mining group—he *launched* it!

Build members' social capital.

Your community members (and human beings in general) want to build their social capital—just like your rock stars do, as we saw in the last chapter. So just as you help your rock stars build social capital, provide opportunities for your community members in general to do so. Provide titles, badges, designations and the like to build members' status.

Provide opportunities to learn, particularly from their peers who are at the leading edge of their field—the best of whom should be your rock stars. What attracted robust attendance at SAS Canada's successful forums was not the prospect of learning about how great SAS Canada software was, but rather the prospect of learning from smart peers how to address critical issues—data mining and analytic challenges—they were facing in their jobs.

Give community members a say in how the community is both organized and run, and let that extend to a say in the products and services you create. Recognize and celebrate their success with awards, stories, video shoots, press releases and the like. Just remember, "success" means success in completing the job—not in skillfully using your product.

And of course, as you do all of the above and create more community gravity, it will grow, and thus expand the affiliation networks of its members—continuing to build their social capital.

In the last few chapters, we've seen how to build extraordinary new value for your customers, particularly your rock stars who can take critical roles in growing your business. Remarkably, many companies who excel in doing so fall short in a very surprising area: they don't come close to *harvesting* the tremendous value these energized customer advocates and evangelists can create. That's the subject of our next chapter.

5

THREE PITFALLS TO AVOID

Companies make three mistakes with their rock star customers. Here's how to avoid them.

You're asking people to overturn a great deal of history and received wisdom on how a business gets customers and grows: that sales controls the conversation, that you create your brand, that good product people don't need input from customers, that traditional ways of marketing are right for this new world, and the like.

Here's what I've found is key to achieving the organizational support you need to excel in this new world of putting rock star customers in front of buyers:

1. Don't put junior staffers in charge.

I've found that many firms who understand perfectly well the importance of engaging their customers to help grow their businesses make the mistake of delegating this task to junior-level staffers. Inevitably, they wind up developing customer engagement programs—such as reference programs, advisory boards, user groups or other customer communities, and the like—that *sound* as if they're getting customers into the conversations today's buyers want to have.

Even firms who realize the importance of developing customer influencers and advocates often put junior staffers in charge of these programs. They wind up subordinate to traditional marketing activities.

Big mistake.

But they wind up subordinate to and supporting traditional marketing functions like advertising, PR, marketing communications, demand generation and so forth. Big mistake. Buyers are increasingly bypassing these sources of information.

Put a senior executive with clout in charge of your overall customer engagement. And that means someone with resources and organizational clout—not just a big title. He or she shouldn't start by implementing a laundry list of customer advocacy programs. They start with your growth strategy, as we did above in the Prologue. Find someone who's on the rise, who's considered a superstar, and who sees the potential for building a rock star machine.

2. Put traditional marketing approaches on trial for their lives.

I've often seen senior managements in companies agree with everything I've said in this document: buyers are bypassing traditional marketing and sales, we need to get our customers in front of buyers and into the information that they're consuming, and so forth. But when it's time to make the call on budget allocation, the funds flow right back into traditional advertising, public relations, social media, lead generation, etc.

They assume that the executives and teams who control that "spend" will incorporate rock star customers into their programs. But it doesn't work that way. They often lapse into allocating money more or less in the way they've done before.

When junior staffers run your rock star customer programs, this is almost inevitable. Having a strong senior executive in charge will help. In addition, make sure he or she is aggressive about asking the relentless question about any spend on traditional marketing approaches: "If we weren't already doing this, would we start doing it now?"

Tony Hsieh asked this question about *all* of marketing when he was building Zappos. If you've ever wondered how Zappos is able to afford free shipping both ways on all orders and returns, that's how it started. As Hsieh got recommendations from marketing professionals about how to grow his business, *none* of it made sense to him. So he decided to take the money a firm like his would normally spend on marketing and use it to pay for shipping. Why? Because it would get customers talking to their friends and networks.

So Hsieh decided to take the money a firm like his would normally spend on marketing, and use it to pay for product shipping. Why? Because it would get Zappos customers talking to their friends.

3. Beware of weak job descriptions and measures.

When Sean O'Driscoll was first building the customer MVP program at Microsoft, he went around to the important stakeholders he would need to work with and introduced himself as "the community guy," since he was building a community of these elite customers. The experienced sales and marketing people who heard this weren't exactly bowled over.

An exceptionally bright guy, O'Driscoll gave serious thought to what important *business purpose* the MVP program could serve. He mentally went through the same process I took you through in the Prologue. How would MVPs help to grow the business?

One major need was product quality. Senior management all the way up to Steve Ballmer understood that product releases needed significant improvements in quality. O'Driscoll wanted to get as many elite, real-world customers to test and try to break the products as he could, believing—correctly—that would significantly improve quality.

Another major issue was with customer service. As software products became increasingly complex, it became increasingly costly to service them. A single service call could cost the firm hundreds of dollars—an issue that was also very much on the minds of senior executives. O'Driscoll wanted to get as many MVPs as possible online to help support other customers, believing this would help save strategically significant amounts of money. As we've seen, it did.

So O'Driscoll dropped the "community guy" term, and started introducing himself by saying his job was to drive product feedback that was actionable to the business units and that would improve product quality. And he'd say his job was also to make answers available online to customers so that they wouldn't have to call a Microsoft call center. That new job description got respect.

What business outcomes do you intend to achieve with your rock star customer programs? If you've followed along with the eBook, you'll be clear on those anticipated outcomes. Now incorporate them in your job descriptions you create for your customer programs, and in the measures you use to assess their success.

6

ALLOW WHAT YOU LEARN TO CHANGE YOU

If you engage with customers in the ways described here, you'll be astonished at what you learn about them. Let it change you.

If you engage with customers in the ways described in this eBook, I can guarantee, based on extensive observation and experience, you'll be astonished at what you learn about them. Let it change you. Doing so could prove transformational to your firm.

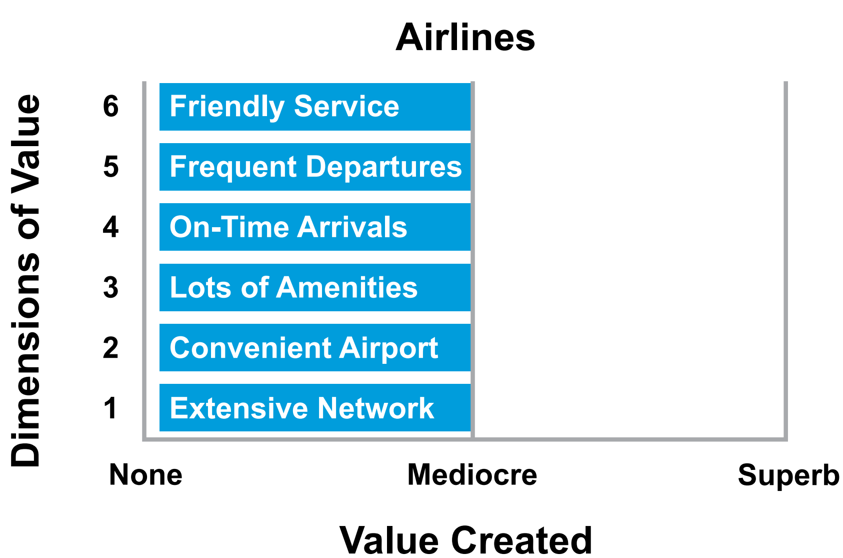
Higher-level conversations in the C-suite will become much more focused, because senior executives will have a clearer understanding of what customers think and need. Organizational turf battles and barriers will decrease: one of the best ways to settle a debate is with robust customer information. It's hard to defend a position when customers say the position no longer makes sense.

Perhaps the most dramatic way that this new font of customer insight will change you is by simplifying your entire business. If you let it.

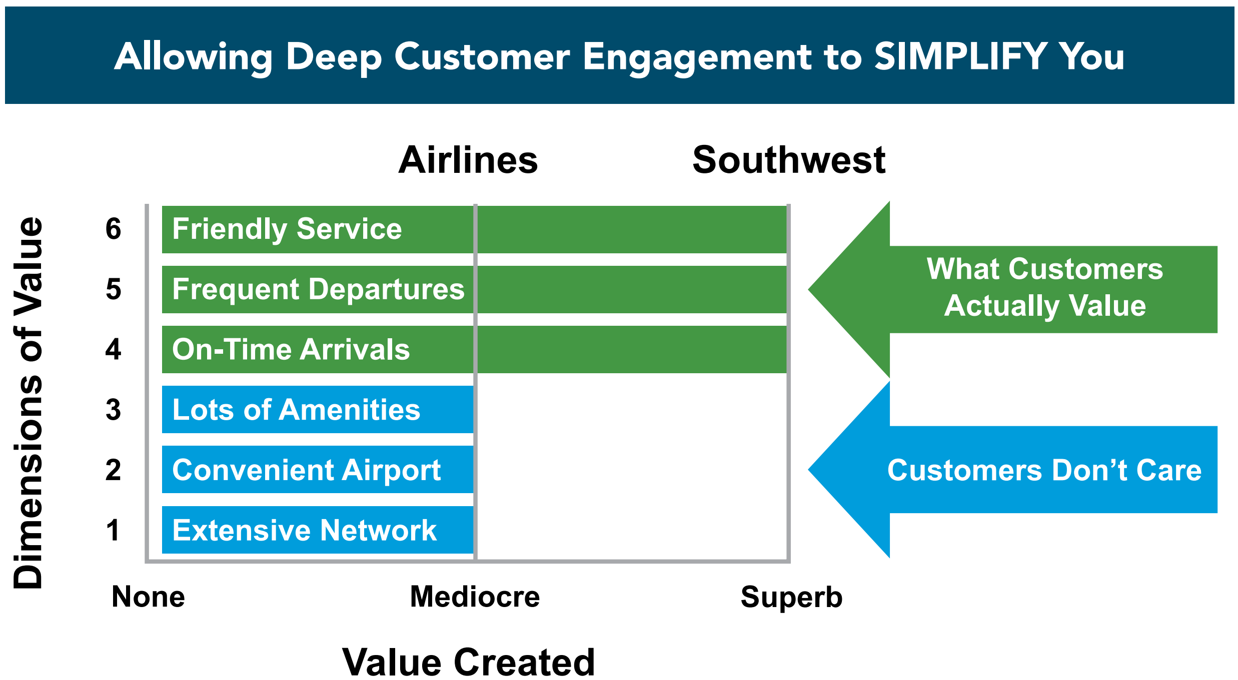
Use what you learn to *simplify* your business.

Companies rarely grow product lines by adding features and functionality. Doing so is, in fact, often a sign that a company is out of touch with customers. Two classic examples of this are the PC and airlines industries, who are often disengaged from their customers, and thus work frenetically "in the dark" to create value on too many dimensions. The result is lots of expense and effort, with mediocre results for the customer—and huge openings for competitors. Here's how this looks in the airlines industry:

Airlines: Creating "Value" or Complication?



When Herb Kelleher and Roland King built Southwest Airlines, they engaged closely with businesspeople traveling between major cities in Texas, their prime market. Kelleher and King were target customers themselves. They learned that these customers cared about only three things, and none of the rest that other airlines provided. That resulted in a famously simple, highly lucrative business model.



7

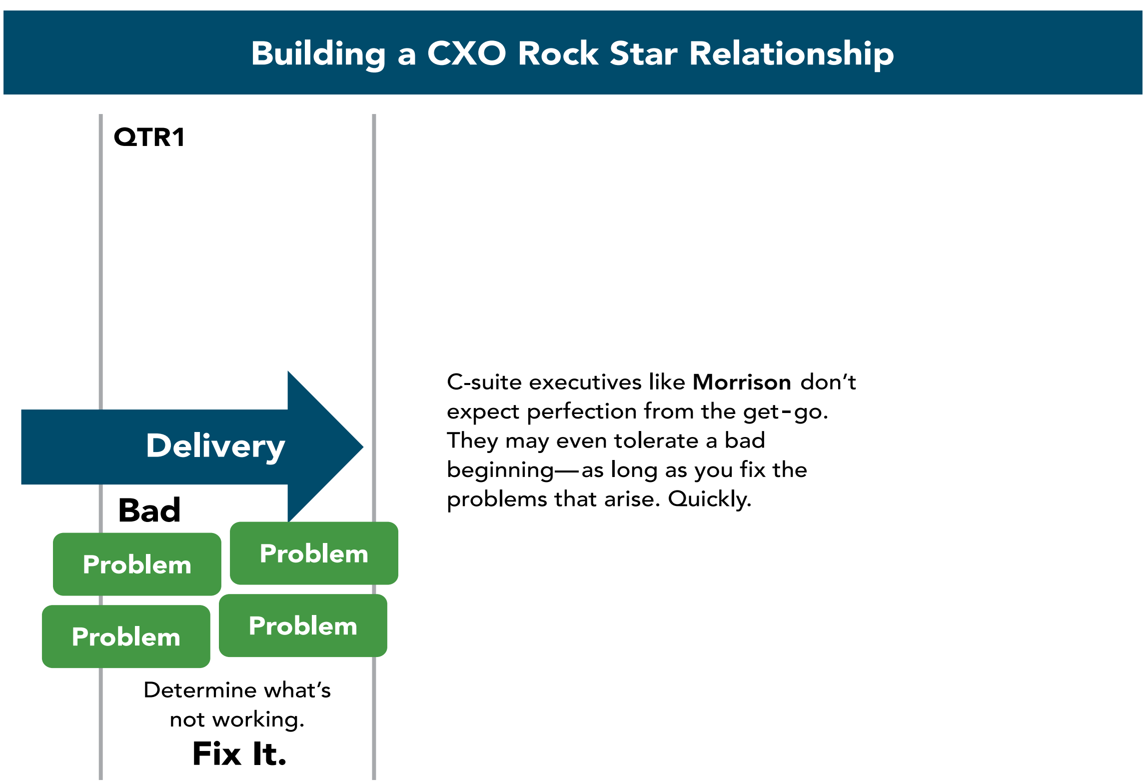
APPENDIX: CREATING A C-LEVEL ROCK STAR

Many firms struggle with winning C-level rock stars. I know highly sophisticated executives who think it can't be done. When I asked a senior vice president at a major technology firm—which was making good progress in penetrating the C-suite at its customer companies—if they were now harvesting referrals from their CIO customers, he responded that they couldn't do that because of legal restrictions on incentivizing such customers.

In fact, it can be done. And it doesn't require incentives. You do this with a "CXO" in the same way you win and motivate any rock star: by 1) getting delivery right and 2) helping her learn, grow her network of affiliations, build her reputation and status, have a say in the products you sell her—in short, by helping her build social capital.

Here's an example. Patty Morrison is one of the most dynamic CIOs in the world—she's held that or related positions for Cardinal Health (currently), Office Depot, GE industrial Systems, Motorola and others.

She's quite open to being a powerful advocate and influencer for vendors. But she doesn't do it often—not for lack of willingness, but because most vendors don't approach her for this in the correct way. So here's the correct way. This is based on an in-depth conversation I had over the course of 50 minutes,



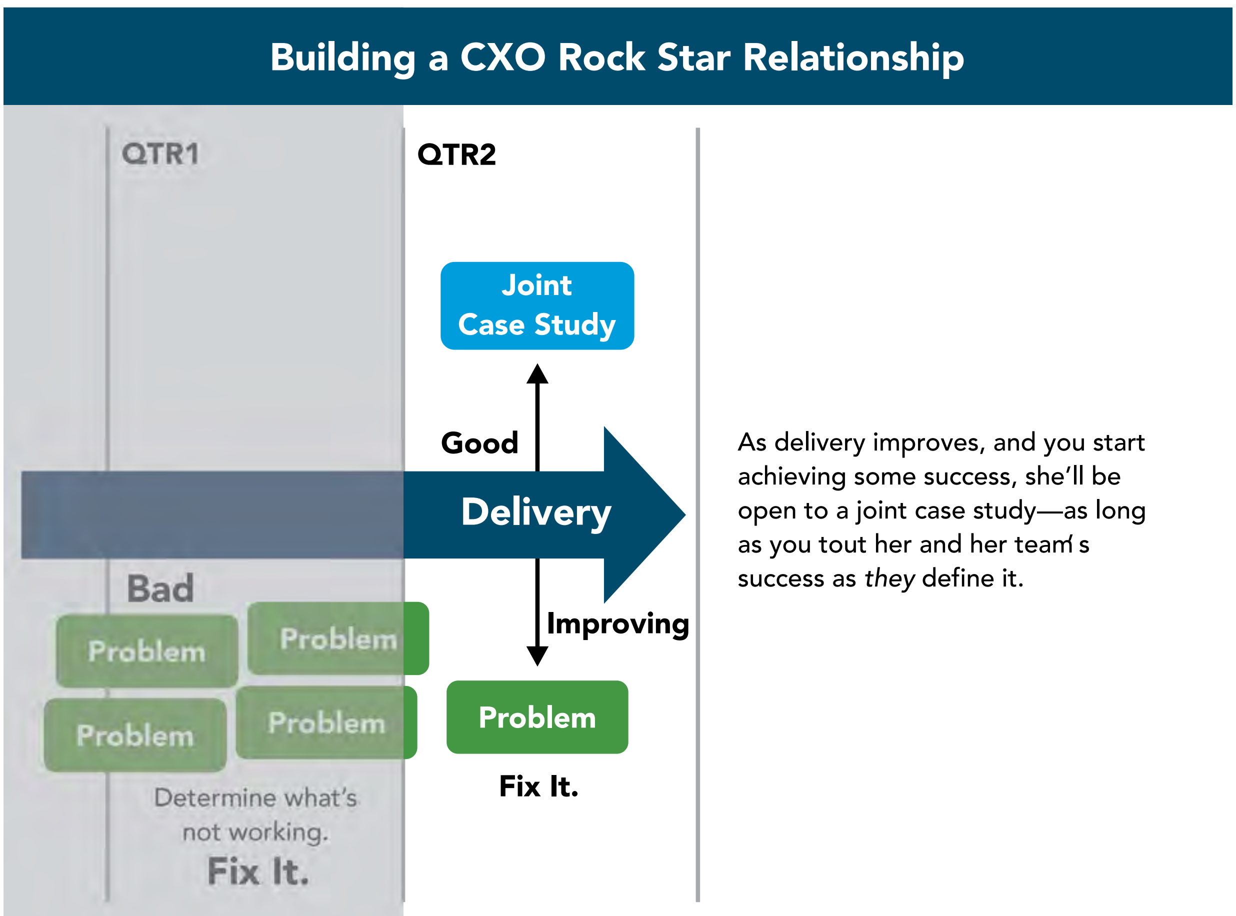
before an audience of some 170 marketing professionals from many of the top technology firms in the world.

1. Get delivery right.

As for any other customers, this is the price of admission to getting rock star advocacy. It doesn't have to be perfect from the get-go; in fact a sophisticated executive like Morrison will expect problems with new installations. Just make sure you fix the problems, and that you have fewer and fewer of them.

2. Suggest a joint case study.

As delivery improves and you begin to achieve significant success (which should not take long), she'll be open to a joint case study as long as it focuses on progress toward the goals she set for her team and her company.



Social capital value to Morrison: this provides a learning experience for Morrison's company and her team, and does good things for her own reputation.

3. **Invite her team to join your customer communities (such as a user group or conference).**

   Morrison wants to keep her team up-to-date on how to get the most from your products and services, and to keep current on relevant technology trends. You can help.

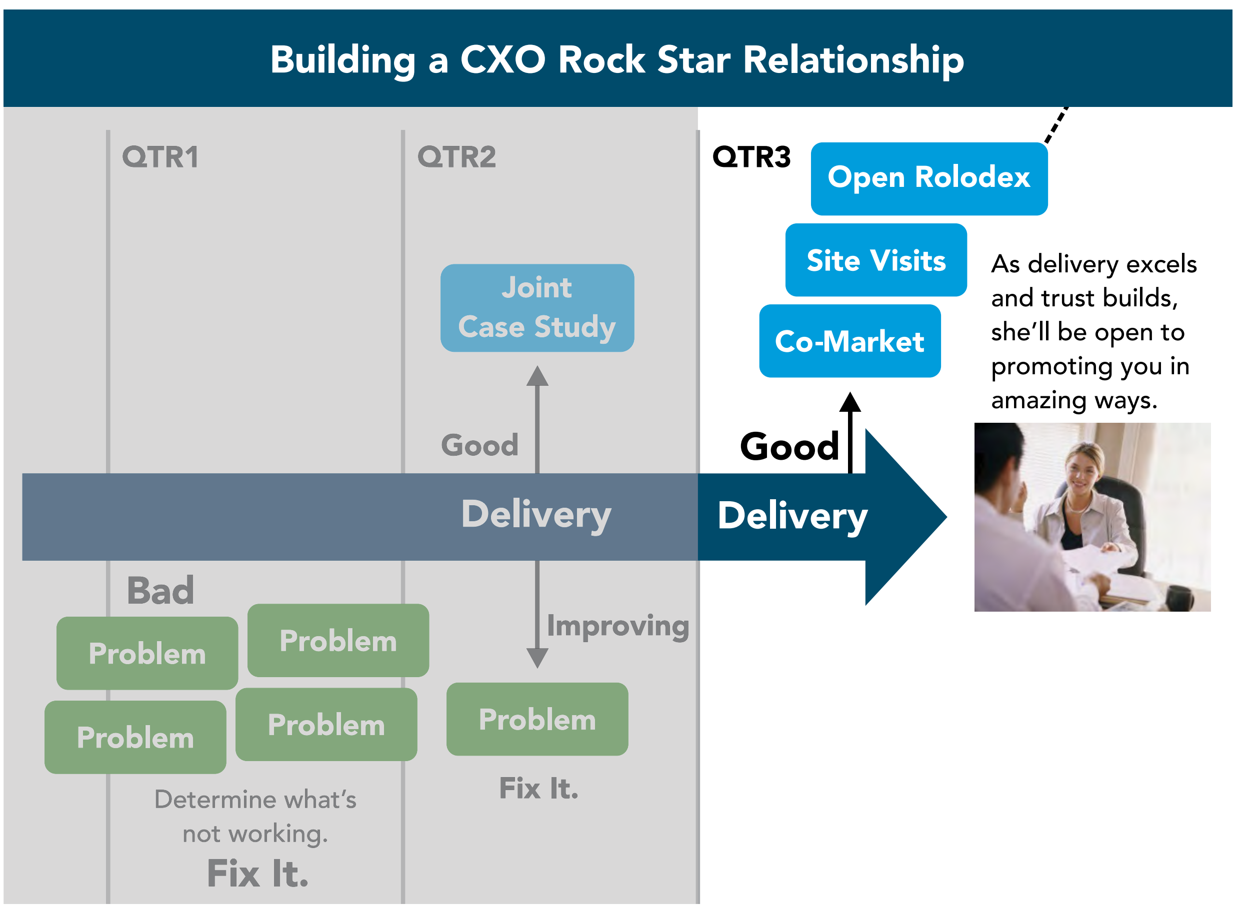
   Social capital value to Morrison and her team: provides her team a learning experience and valuable affiliations (namely, peers addressing the same issues and, at least in part, using the same solution).

   As delivery—and her success—continues to improve …

4. **Invite her to join your Customer Advisory Board.**

   Having someone like Morrison provide you with periodic, in-depth input on how to develop and sell products to her—what could be a more powerful source for profitable new products, or a more effective relationship builder?

   Social capital value to Morrison: this expands Morrison's peer network, since you'll have other forward-thinking CXOs who are facing similar challenges to hers. And of course, it gives her a



powerful say in the products and services you create for her.

As delivery—and her success—continues to improve …

5. Suggest a co-marketing initiative.

Tout the success her firm is enjoying, and the relevance to its corporate goals.

Social capital value to Morrison: it builds her professional reputation and her reputation within her firm.

As delivery—and her success—continues to improve …

6. Ask for referrals.

Warm referrals from a rock star CIO like Patty Morrison are the most valuable marketing assets you can generate. And she's open to providing this—after you've established her success, her firm's success, and overall trust in the relationship.

And note: never ask for a referral from someone like Morrison, or anyone else, as a favor to you or reward for a job well done. Rather, a referral should be a favor to people in her network. Ask her, "Are there other people in your network who are facing challenges similar to the one you and I are meeting successfully, and to whom my firm might be able to provide similar help?"

Social capital value to Morrison: if you've approached this in the way described, Morrison gets the same social value from providing you referrals as you receive when you turn a friend on to a great handyman, or lawn service, or restaurant, or doctor. You love doing this because you're helping your valued friends and peers, and because by doing so, you increase your value to them—that is, you increase your social capital.

> **"As a buyer, I want to know that you care about me ... because what I look for is whether or not I have a partner, someone who's going to be with me in good times and in bad times. And that is very differentiating."**
>
> **Patty Morrison, EVP and CIO, Cardinal Health**

7. If you remember just one thing from this chapter …

Remember that by engaging a C-level customer in these ways, you're moving the relationship away from a market norm to a *social* norm. You need people who really do care about such customers in these relationships. I'll let Morrison herself tell you:

> "As a buyer, I want to know that you care about me and can help my firm save money. Even if it means that you are building business cases that actually reduce your revenue. The opportunity is substantial for reference programs to build relationships with customers when times are tough. And building those kinds of relationships really does make a lasting impression on the senior people, because what I look for is whether or not I have a partner, someone who's going to be with me in good times and in bad times. And that is very differentiating in how you can work with your customers."

8

ABOUT BILL LEE & CONTACT INFORMATION

To Contact Bill:
+1-214-907-5600
bill@centerforcustomerengagement.com

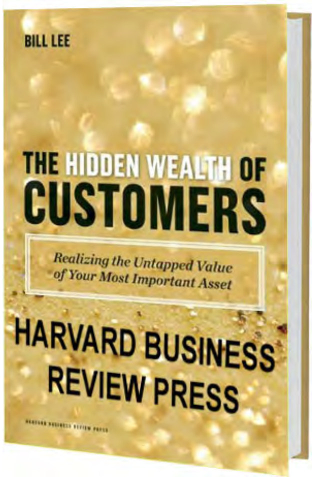
Bill is the world's most respected authority on customer engagement, advocacy and influence building. He has built his own community of top-tier corporations around these concepts—**Microsoft, Apple, Salesforce.com, Rackspace, Oracle, ShoreTel, Dell, EMC, SAP, McKesson, Red Hat, Wells Fargo, SAS Institute, AmericourceBergen, AT&T, Alcatel–Lucent, IBM** and hundreds of others have attended his conferences and webinars, participated in his forums, used his consulting services, and more.

> *"When it comes to customer engagement and developing high–impact customer relationships, I found out very quickly that all roads on that issue lead to Bill Lee. His consulting was superb."*
>
> **Jackie Breiter, Vice President, Customer Success and Flagship Program, CA Technologies**

Bill helps clients reinvent customer relationships and achieve sustainable growth through the creation of engaged, passionate rock star customers and the powerful communities they help build. He has pioneered the concept that customer relationships constitute the most important off balance sheet asset in companies large and small, public and private.

Bill is author of *The Hidden Wealth of Customers* (Harvard Business Review Press, 2012), described by *Forbes Online* columnist Dorie Clark as "one of the most insightful business books I've read this year."

> *"I'm willing to bet that most companies don't know who their 'rock star' customers are, and are missing a big piece of their future revenue engine as a result. This much-needed book shows how to capture that missing piece."*
>
> **Brian Householder, EVP, WW Marketing and Business Development, Hitachi Data Systems**



He has been published, quoted or interviewed by *Harvard Business Review (HBR), The Wall Street Journal, Fast Company Online, Forbes Online, Rain Today, CMO.org, CRM Magazine* and dozens of other major publications.

His article "Marketing Is Dead"—which made a compelling case that customer advocacy and community marketing will replace traditional marketing—was one of the most widely read and commented on in the history of the HBR Blog Network, receiving nearly 600 comments and more than 4,000 recommendations on HBR's Facebook page.

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