

# How to Manage a Customer Reference Program

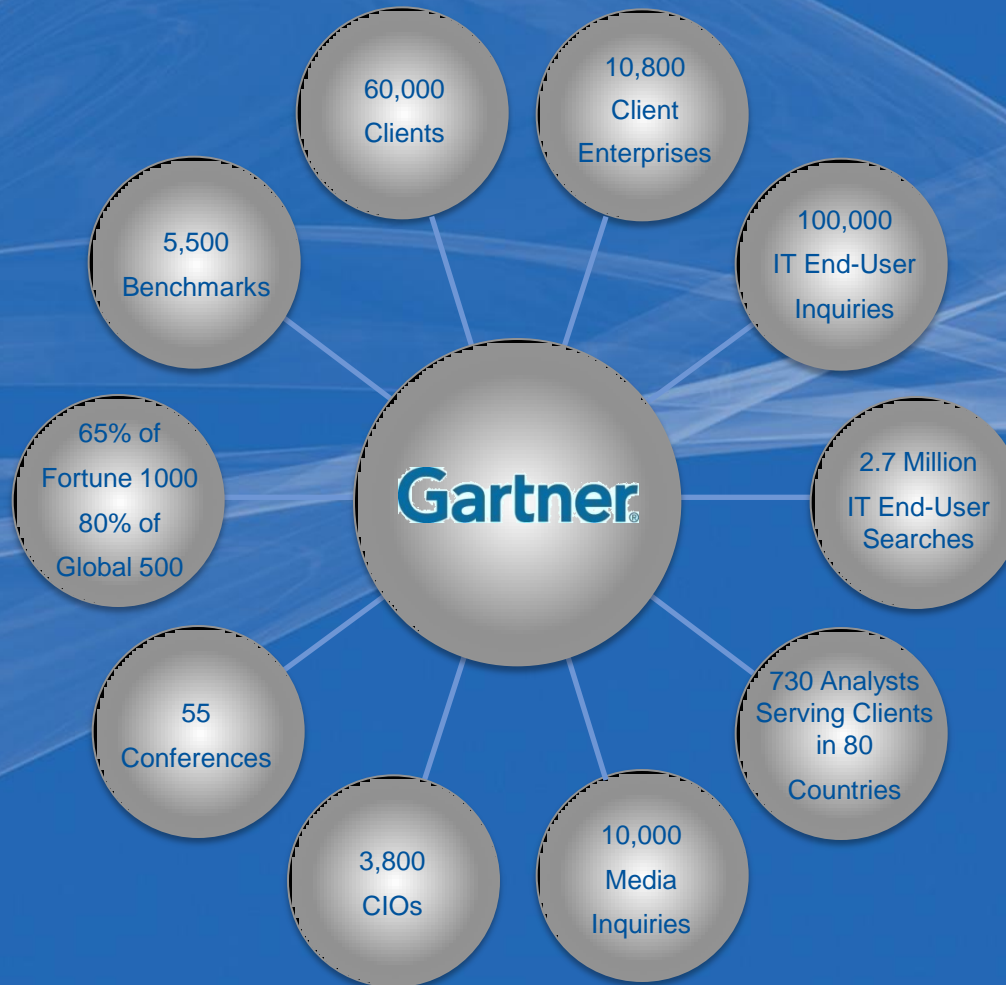


Richard Fouts  
Gartner for Business Leaders  
richard.fouts@gartner.com

# Welcome!

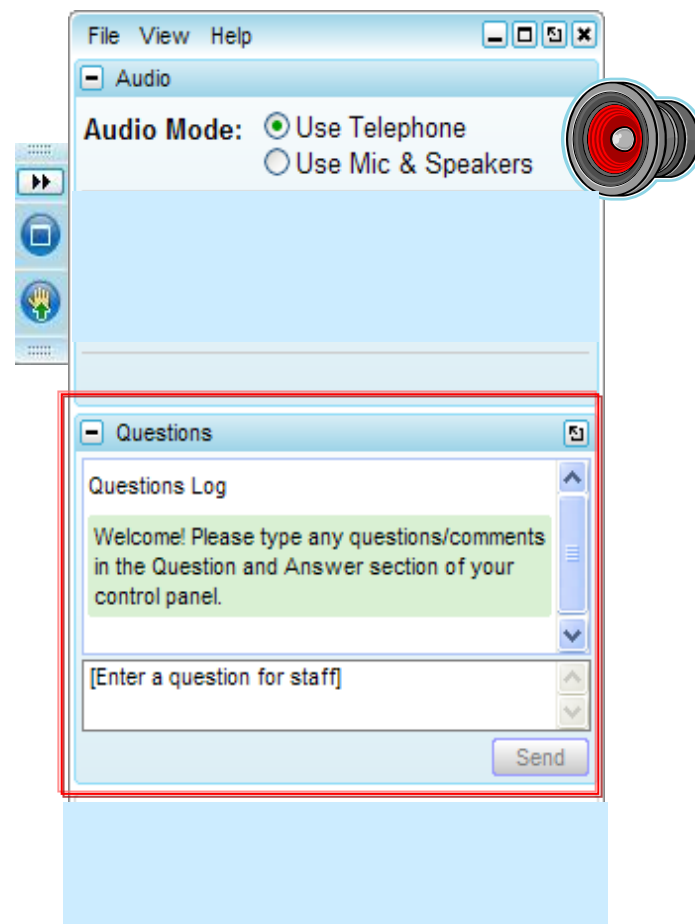
Thank you for joining this Gartner webinar.

Today's topic is "How to Manage a Customer Reference Program"



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# How to Manage a Customer Reference Program

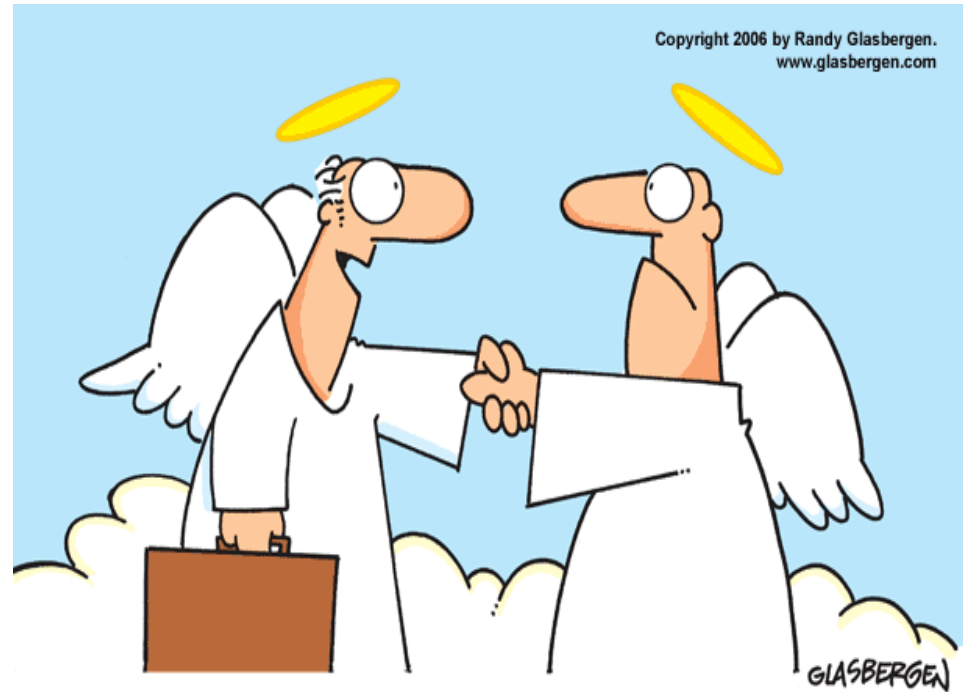


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# If you've ever sold anything, you know it can take forever....

## *Had this AE produced a customer reference...*

- He might have closed the deal a tad sooner...
  - by reducing buyer risk...
  - and by showing the prospect that he's solved problems for people just like him...
- *Yet, his company didn't have a customer reference program in place...*



"For 35 years I tried to sign you up as a client. Now that we're both here, I've got the rest of eternity to keep trying!"

# Which brings us to our agenda ...

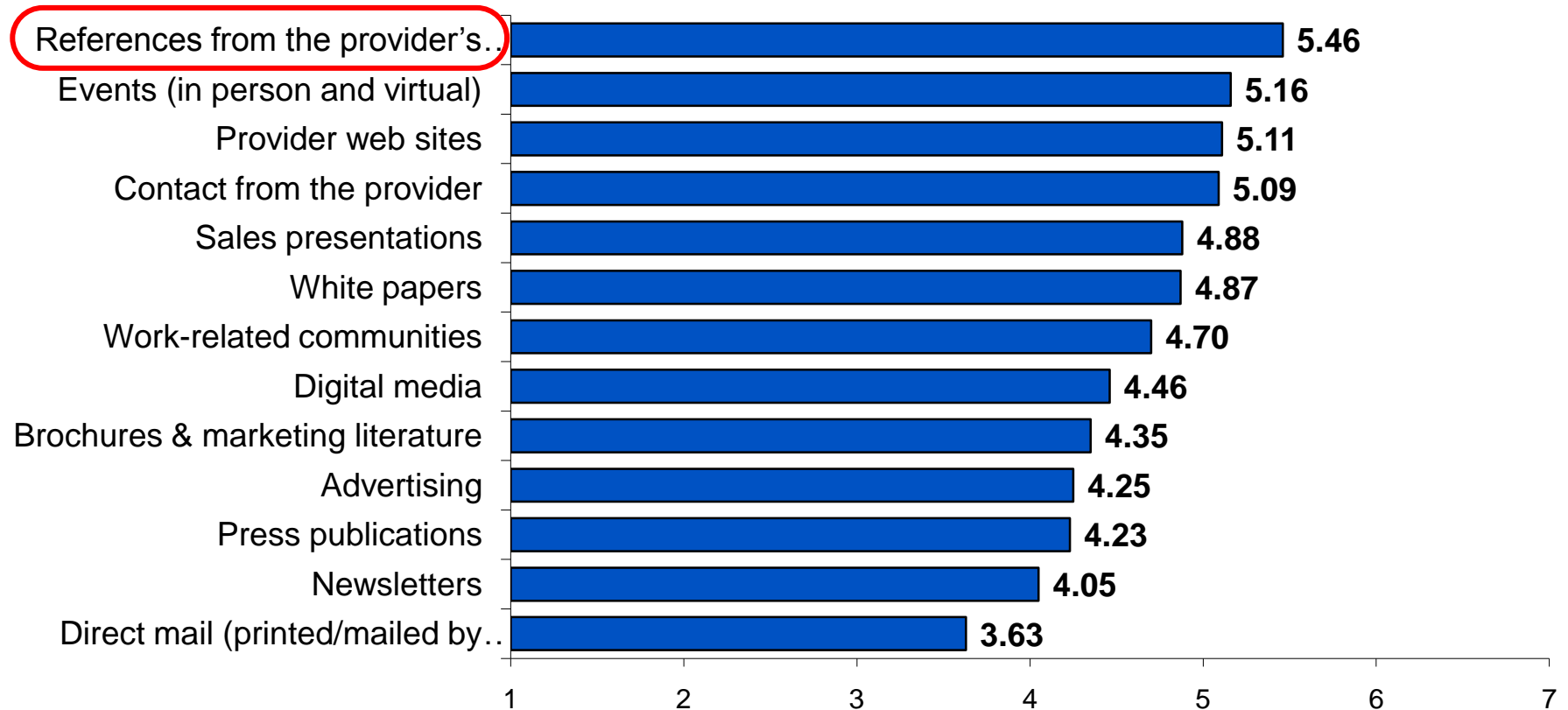
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- Just how influential are customer references in the buying process?
- What else influences buyer decisions, and what action can we take from these findings?
- How can the Gartner 3-step process help you structure a Customer Reference Program?
- What are leading providers doing?  
Up close and personal with Linda Welch of Unisys



# Just how important are customer references to your buyers? ...

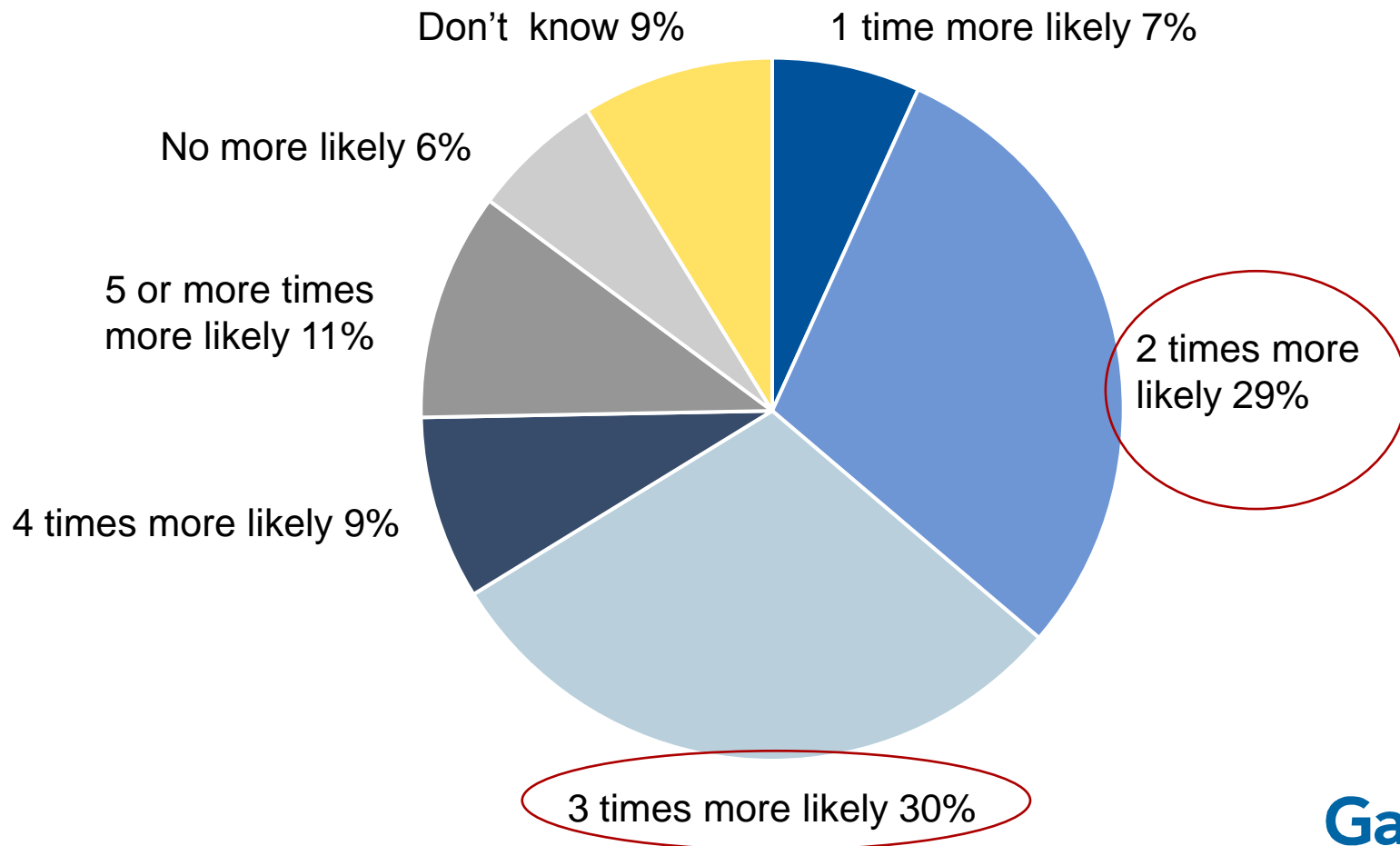
**Survey Question: How effective are these marketing activities in influencing your preference to purchase from one type of IT provider over another? (1=Not at all effective, 7=Extremely effective)**



n=902

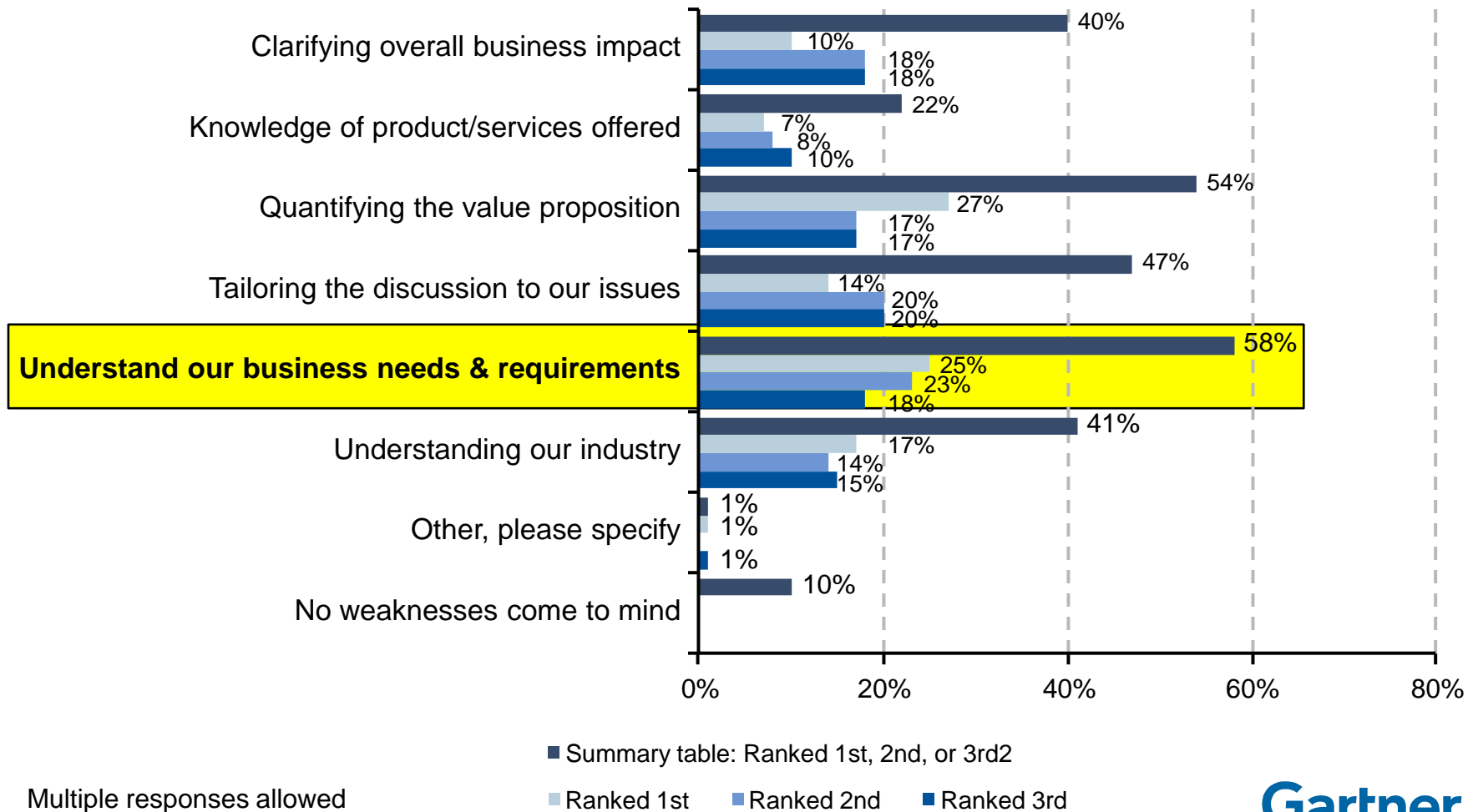
# What else influences the decisions of your target buyers?

***Survey Question: How more likely are you to buy, if a provider are you most familiar with is able to effectively quantify the business impact of its solution?***



# What do buyers wish we marketers would do more effectively?

**Survey Question: What are the biggest weaknesses in the marketing activities of IT providers you work with?**



Multiple responses allowed

# When we look at the findings, what are buyers telling us?

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*“If you quantify your value proposition, through the eyes of a customer reference (who’s business needs are similar to mine)... I am more likely to buy from you versus your competitor.”*



# The Gartner 3-Step Process for Managing a Customer Reference Program

- But first, what is a **reference**?
- What is meant by **reference checking**?
- What is a **case study** versus a **testimonial**?
- What is a **release form**?

# We culminated our interviews with those who do it well, into a three-step process.



## Step 1:

Build a culture of “referenceability”



## Step 2:

Sell customers on being a reference (vs. asking them..)



## Step 3:

Control the program (versus letting it control you)

# Step 1: How do you build a culture of referencability?

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a) Figure out how you want to organize, for example, a reference for each:

- Geography
- Type of business challenge your customers face
- Business unit
- Decision maker (CEO, CFO, IT)
- Demographic (size, location, industry)



# Step 1: How do you build a culture of referencability?

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b) Engage other functions that also benefit from references:

- Marketing and sales communications
- Investor, analyst and public relations
- HR and recruiting
- Channels and alliance managers



# Step 1: How do you build a culture of referencability?

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c) Consider tying your program to employee compensation:

- Very effective in getting sales and delivery to work together because they both have skin in the game
- This is a serious move (and is dependent upon your larger corporate culture)
- Can backfire if it's not equitable.



## Step 2: What are best practices for *recruiting* customers to be references?

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**Sell** customers on what's in it for them...

- Advance notice of product development roadmaps
- Trade shows and publicity
- Co-marketing campaigns
- Free attendance at your events
- Speaking opportunities/awards



# Step 2: What are best practices for recruiting customers to be references?

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**Other things** you can do to improve customer reference *volume*:

- Manage the program just like you manage your sales pipeline
- Set boundaries on customer time commitments
- Use customer surveys as a recruiting source
- Use in sales negotiations



# Step 3: How do you manage the day-to-day tactics?

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- Put someone in charge
- YOU decide who is a reference
- Write a clear permission form that entitles you to broad usage
- Use references to pitch your company
- Use references to train your sales people
- Use references to recruit top talent



# To summarize ...

- It's amazing how rapidly references reduce buyer risk
- Providers are leaving a lot of ROI on the table by limiting references to sales opportunities
- Many providers lack a point person
- Too many providers ask customers to be a reference versus selling them on being a reference.



# Appendix

- > Recommended Reading
- > Reference Program terms
- > Sample consent form
- > Other resources

# Recommended Reading

## How to Manage a Customer Reference Program

ID G00174216

**Customers are among your most-valued assets.** This research shows marketers how to manage customer references as a comprehensive program that delivers multiple pay offs to business leaders in sales, marketing, analyst, investor and public relations.

### Key Findings

- **Providers are leaving a lot of ROI on the table.** By limiting customer references to sales opportunities, marketers dilute the potential return on their investment. References help providers manage the brand, enhance investor communications, facilitate analyst and public relations, increase campaign response rates, drive higher Web traffic, increase webinar attendance and garner greater trade show interest.
- **References play a key role in the reduction of risk.** For buyers, customer references play a particularly important role in mitigating the risk of a purchase decision. References represent a trusted source of information with no agenda
- **Many providers lack a point person.** When we interviewed marketers for this research, we started with the question: "Do you have someone in charge of managing customer references?" In the majority of cases, the answer came back, "No, but we should."
- **Providers tend to make reference programs all about them.** This is totally logical of course because the purpose of a reference is to help you sell your solution. However, providers use several techniques to position a customer reference program as more of a two-way street (for example, dual promotion) to help them improve their volume of references.
- **Customer reference strategies are sorely lacking.** Even large providers with substantial marketing staffs are often lacking an approach for how their customer reference programs should be targeted, designed, implemented and measured.



# Recommended Reading

## How to Tell Better Marketing Stories ID:G00200871

**Stories engage. Stories are how we remember.** Moreover, the ability to tell a good story is more important than ever, as marketers adopt social networking and video — media that lend themselves especially well to storytelling. In this document, Gartner offers a three-step process that guides marketers in their quest to develop compelling, memorable stories.

In this research, providers who are particularly good at storytelling were interviewed and analyzed. Five techniques common to these provider's stories are detailed in this research note.

### Key Findings

- Unlike the classic storytelling model, which traces a series of events to an ending, effective marketers actually begin with the end of the story — by starting with the ultimate business outcomes they deliver for customers. By starting with results ("We help you take market share"), marketers motivate their audience to learn more.
- Buyers tell us they are three times more likely to buy when the provider's value proposition is quantified. Moreover, when asked to rank the marketing activities that influence them most, buyers named customer references first. Effective marketers use these findings to help make their stories unique and memorable.
- Leading marketers also weave the independent observations of credible third parties to validate their stories.
- Momentum is also building in video, a medium that demands good storytelling.
- Marketing stories can use all the right storytelling techniques, but remain ineffective if they lack authenticity. Ironically, the elements that make a story authentic (conflict, struggle and vulnerability) are the very techniques technology marketers are trained to avoid.



# Recommended Reading

## How to Craft the Perfect Case Study

ID G00174619

**Customer reference stories are among the most powerful tools in the sales arsenal.** This document is designed for provider marketing personnel responsible for creating case studies. It outlines what should — and should not — be included in a good customer case study and how to position the relationship between you and your customer in the most positive light.

### Key Findings

- Many case studies do not even cover the basics. They often fail to define the specifics of the customer issue or situation, the solution that was brought to bear, how the implementation was approached, the business benefits realized and the lessons learned.
- Quantified before-and-after operational statistics are incredibly powerful and convey derived value far more eloquently than 100 glowing customer testimonials.
- Case studies often try to be all things to all people. It is far more effective to limit the scope of a particular case study deliverable to a single facet of the product or service, or, indeed, its implementation, and drill down into the details that are relevant and of interest to the target audience.
- Case studies have a finite shelf life, and like most consumables, their ability to deliver value degrades over time. You must regularly refresh collateral and content if it is to remain compelling and useful.
- Exclusivity is a valuable commodity. There are organizations that regularly participate in case studies, and there are those that don't. The same familiar names are seen time and time and again next to different provider logos. Seek out the unattainable, because their stories are likely to have more influence and generate more interest.



# Recommended Reading

## How to Craft the Perfect Elevator Pitch (that doesn't require a building with 700 floors) ID G00163867

**The elevator pitch stems from a familiar scenario.** A salesperson steps on an elevator with an important prospect who is getting off at the 10th floor — leaving a tight window to capture enough interest to secure a sales call.

Hence the purpose of the elevator pitch is not to sell something, but rather to arouse the prospect's attention enough to get him or her to move to the next level of commitment. Today's elevator pitch, however, has moved outside its original purpose and has lost the original word economy.

This research note provides a simple template to help marketers craft an elevator pitch that can be told in 30 seconds or less.

### Key Findings

- Gartner hears hundreds of elevator pitches from vendors during interactions such as formal briefings, inquiry calls, summits and other events. Our experience:
- Most elevator pitches are simply too long and technical. In fact, one provider laments, "We have an elevator pitch; it just requires a very tall building ..."
- Elevator pitches from IT providers tend to focus on technology rather than business problems. In the age of running IT like a business, this overlooks a valuable opportunity to position the account manager as business advisor.
- Effective, crisp, brief messaging is more important than ever, given today's communication techniques that demand brevity (especially PDAs, mobile phones and Twitter).
- When the elevator pitch isn't treated as a corporate standard, stakeholders across the organization create their own versions, causing inconsistency and market confusion.



# Recommended Reading

## How to Connect with CIOs

ID G00200404

**CIOs are one of IT providers' most desirable buyers.** You'll get the sale with handpicked propositions, expressed in business terms and backed by guarantees. But long-term relationships depend on keeping promises and being open in your dealings.

This research shows technology and service providers (T&SPs) how to improve the way they approach CIO customers: before, during and after the sales process. The insights presented are relevant to all marketing executives in all provider companies.

### Key Findings

- CIOs are not a homogeneous group. They vary in their business and technical orientations, the psychographics of their enterprises and their own IT organizations.
- Today's CIOs are transitioning from managing resources to demonstrating value in business terms. Forty-two percent of CIOs surveyed in Gartner's 2010 CIO Agenda Survey said they have direct responsibility for raising business performance.
- By 2013 CIOs say their focus will move from process improvement to innovation, competitive advantage and customer growth.
- Many CIOs are frustrated by providers pitching inappropriate solutions, being secretive about pricing, failing to collaborate with other providers to create joined-up solutions, and simply failing to deliver on promises.



# Reference Program Terminology

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- **References.** Interested parties consider the term “customer reference” as a customer representing a specific provider who is willing to personally share their experience. In this context, an interested party ranges from a prospect (most common) to a member of the press, an industry analyst or even a partner or reseller the provider is trying to recruit. The customer reference’s experience is documented as a published case study or testimonial (or is represented in a personal telephone conversation between the reference and the interested party. Hence, any customer willing to vouch for a provider, regardless of the format they engage in, is a reference.
- **Reference checking** refers to the process of validating the customer reference story through personal conversations between the interested party and the reference. However, most providers, in the interest of putting boundaries on the customer reference’s time, offer the personal conversation as an option. For example, providers tell us they use published case studies, that highlight the success of a reference customer, to fulfill requests for references, with the understanding that a conversation with the prospect can be arranged only by request. Providers tell us they are successful substituting published case studies for requests for personal conversations in nearly half their situations. This finding alone helps marketers sustain investments to produce more published customer case studies.

# Reference Program Terminology

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- **Case studies**, also known as success stories, are published stories that highlight quantifiable and qualitative results from a specific project or initiative. Case studies typically follow a three-pronged story outline (Challenge, Approach, Results) where the customer's situation is articulated, along with the approach the provider took to solve the problem. The results garnered from the project engagement are spelled out, usually in quantitative terms (e.g., "\$2 Million in cost will be reduced over two years, or "Help desk productivity improved 100% over six months.") . Case studies are more common in offerings that are custom crafted for a specific customer pain point – or in situations where packaged offerings are implemented for a specific customer initiative.
- **Testimonials** are stories about a customer's experience with a provider. Testimonials don't focus on any specific project, rather they articulate how a provider has performed a useful role in the customer's business. These stories bubble up to a one or two line statement that encapsulates the customer's experience, such as "Since working with <<Provider name>>, we've doubled our online transactions, improved cash flow and raised customer satisfaction. They have really made a difference."  
Testimonials might be even more general ("We've always found <Provider Name> to deliver products of the highest quality.") In some cases, there's no back story, rather a customer simply offers a one or two line quote that the provider can use on its web site, annual report, press releases, marketing collateral or proposals. Both case studies and testimonials require formal customer permission (in the form of a release statement) that is signed off by both buyer and seller's legal counsel. A sample release is provided on the next slide that that providers may use to draft a baseline release for review by their own legal counsel.
- **Permission** is a formal legal document granting you permission from the customer to use the reference in your marketing and sales activities. The best permission agreements permit you to use the reference across multiple activities and media (see sample form, next slide).

# Sample Consent Form (entitles you to leverage references across multiple media)

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*NOTE: The following should not be construed as legal advice. Rather, it is provided for marketers wishing to get a draft permission form in place to submit to their own legal council. Hence, use this only as a way to get your permission consent started (if you don't yet have a formal release) or to help inform what you already have. As with any formal agreement, make sure you have your own lawyer review before you put any consent form into operational use*

1. Customer agrees that <<Insert the name of your company >> and its subsidiaries may use Customer's name (including, without limitation, enterprise name, individual employee(s) names, photographs, and logos) from the Customer's experience with <<your company name) in a case study or testimonial, hereafter called Information. <<Your company name>> may use the Information in full or in part for promotional purposes across any media: print, electronic or broadcast.
2. Customer is permitted to distribute the Information both inside and outside its organization in any medium.  
  
<<NOTE: This is clause can be modified if you want to restrict your customer's use of the Information in its own internal or external communications. For example, some providers limit use to the complete case study only, to assure things do not get misinterpreted due to lack of context. Other providers are fine with partial use. It's up to you as the provider to stipulate if the Information can be used in complete or partial form. Use this clause to stipulate any media-type constraints).
3. Customer warrants and represents that the Information it provided to <<Your company name>> is accurate.
4. Customer hereby releases <<Your company name,>> its officers, directors, employees and agents from any and all claims and demands arising directly or indirectly from <<Your company name's>> use of the Information in the ordinary course of <<Your company name's >> business as authorized in this Consent.
5. This Consent contains the entire understanding of the parties with respect to the Information.
6. This Consent shall be governed by and construed in accordance with the internal laws of <<Insert your country, state, country or province, whichever is relevant>> without regard to its conflict of laws principles. The parties hereby agree to submit to the non-exclusive jurisdiction of all courts of competent jurisdiction located within that <<insert previously stated location>>.

## Check Out These Other Resources

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- Customer Reference programs are a lot to manage, hence many software companies have responded with offerings that help you set goals, recruit, track and manage your program.
- For example, Boulder Logic, Metia, References-Online, Reference Selling and Point-of-Reference offer solutions to make it easier.
- Also consider attending the annual Customer Reference Forum, an association that hosts speakers, providers and workshops. Visit <http://www.customerreferenceforum.com>

**Now let's move from theory to  
practice...introducing *Linda Welch of Unisys***