

# Boulder Logic

## Customer References: How to Make the Most of Your Program

*Learn how to measure, control and prove the value of your hard work and success*

### Executive Summary

Customer references are the single most powerful and influential sales tool in your marketing arsenal. If you run a sales or marketing team you already know that references provide credibility and advance your revenue goals. What you may not know is how to best use references to your advantage and measure the tangible value they deliver.

This white paper outlines the warning signals of the inefficient management of customer references and briefly examines the two key areas that will help you make the most of your program: 1) process and 2) measurement. You will learn how to lay the foundation for a successful program that unifies stakeholders and maximizes efficiency through well defined ownership and processes. You will also learn about important metrics and how to benchmark your success and communicate return on investment to your organization.

## Process

### 1. Examine Your Existing Customer Reference Program

Not all customer reference programs are created equal. The first step in maximizing the benefits of a program is to examine what is already in place. Below are some of the commonly found traits of customer reference programs in need of improvement:

- No clear point of contact for customer reference requests and activities.
- Individuals sending e-mail or voicemails to entire the organization.
- Multiple people responding to requests at the same time.
- Reference information stored in multiple locations.
- The regular need to query several different people to find and utilize references.

If some or all of these situations sound familiar, you are not alone. Tracking down the appropriate references and then capturing the interactions that occur with those customers can be difficult. Creating reports with inconsistent data from disparate sources rarely provides the insight needed to measure success or manage the program. Consolidation and automation are the catalysts needed to unlock the latent potential of your customer references. By taking a few simple steps you can transform a less-than productive customer reference program into a powerful tool that dramatically impacts sales and improves your bottom line.

### 2. Refine Your Process

To turn your customer reference program into a high-performance business driver you must put in place an owner and a well defined process. First, establish program ownership and define the scope of the role. It is important to have one central point of contact for reference requests. Set and communicate expectations

for the role and share contact information with your organization.

Next, look for bottlenecks. Review how reference requests come in and where they come from. Analyze the number of requests made in a given timeframe. If references are being handled in different places across the organization, you are potentially reinventing the wheel with each request. Examples of common bottlenecks include messages being sent to a large distribution list or to the wrong people. Once your bottlenecks are identified, it will become clearer how to refine the end-to-end process and eliminate these challenges.

Defining and communicating a process is an excellent way to set expectations across the organization and help stakeholders understand the reference creation and request/fulfillment stages. These stakeholders are then able to contribute to the program most effectively.

Each company will have a unique process designed to meet the needs of its environment. The example below provides insight into one specific Fortune 500 technology corporation's customer reference process.

1. A sales representative searches a central database of referenceable customers by company and deal characteristics, with personally identifying information hidden.
2. Appropriate references are selected and populated on a web form that is routed automatically to the appropriate approvers.
3. Approval decisions are returned via email, including the details necessary for the customer reference interaction.
4. After the activity, a follow-up survey is automatically sent to confirm the success of the interaction.
5. The date and details of the reference activity are compared to thresholds previously

established with the customer to ensure they are protected from overuse.

6. A marketing manager receives reports of the interactions, including quantification of the sales impact based on deals influenced.

With this process the company experienced measurable success. Well defined program ownership enables the quick identification and resolution of challenges while its centralized system gives the organization much needed visibility into its data, allowing the program manager to constantly analyze and improve the program.

Every organization's goal should be to evolve reference management from a reactive process, where requests come in and an unorganized fulfillment exercise ensues, to a proactive function, where references are not only fulfilled easily and quickly but also promoted outwardly into the organization. For example, a highly efficient reference program will be able to identify customers with desired characteristics, and proactively communicate the opportunity to appropriate internal groups. The ability to push this kind of information into the field is highly effective in accelerating sales.

### 3. Seek Ownership and Executive Support

One challenge of immature reference programs is that often activities and important decision making occur in a vacuum. The participants and stakeholders (those that are the consumers of references such as sales and PR), often don't have a defined role in the program. Perhaps they send an initial email or make a phone call, but then there's no active involvement. This leaves the customer reference program manager in a challenging position.

The most successful programs are ones where the stakeholders have visibility into the steps of the process, have clearly defined expectations, and as a result feel more invested in the program. This creates a team dynamic rather than an ineffective "us versus them" situation.

In addition to internal ownership of stakeholders, another powerful influencer of program success is executive support. Solid communication to the executive team about the value and return on investment of references will ensure that those driving the business will support your program and continue to foster stakeholder accountability and participation.

## Measurement

Now that you have refined and updated your process, the implementation should be measurable. The goal is to leverage your new process to track program metrics which you will use to make continued improvements and maximize your results. Two core areas to track are 1) time and resources required for reference fulfillment, and 2) program results. Program results include the volume and quality of the references you provide as well as the impact those references have on sales and marketing opportunities.

### 1. Understand Your Current Metrics

In order to evaluate the results of your program improvements get a baseline measurement by evaluating time and resources currently spent around reference fulfillment using the formula below.

**First, record the amount of time you spend in the search and fulfillment process today.** This will help you understand how much time reference management actually consumes in your organization. You can think about that time as a cost to the organization--an

opportunity cost that affects the organization both in terms of the amount of administrative time that is spent, as well as the other activities neglected in order to fulfill the request.

**Next, multiply the number of minutes you determined for a typical search and fulfillment by the total number of people involved.** The number of people involved includes the person who is responsible for your customer reference efforts and any others that are touched in that process. Include efforts such as an email blast that gets sent out to multiple individuals or a search process that requires looking across multiple locations. You can also include an unavailable customer which then yields a second search process.

You should be able to dramatically reduce these numbers by implementing a streamlined customer reference program that adds value across the organization.

## 2. Track Program ROI

Now that you are tracking your efficiency you need to evaluate the value of the references themselves and their impact on opportunities. Not all customers who have agreed to serve as references carry the same level of value. In order to understand and place a value on the contribution that individual customers make to the organization, you need to track efforts from the start all the way through the end of the process. Automating the tracking process will save you valuable time and drastically improve the quality of your data. Software tools can help automate this tracking process.

Measuring the value of customer references is directly tied to your ability to demonstrate return on investment (ROI) in the program. Generally ROI figures on a streamlined reference management program are extremely compelling because an efficient program

requires only two or three employees' time plus a web-based customer reference tool of some sort. The results can be dramatic. Depending on the average deal size of your business, one new customer could possibly cover the investment in customer reference activities many times over. You can demonstrate ROI by showing business currently lost based on poorly matched or unfulfilled references. A simple calculation for demonstrating potential ROI is below:

Factor	Sample Metric
Number Reference Situations per Rep Annually	90
Poorly matched reference requests (50% x 90)	45
Estimated Impact on Close Rate	3%
Average Deal Size (example)	\$125,000
Margin impact per rep (90 x 3% x 125K)	\$168,750
Margin across entire sales force (168K x 100 reps)	\$16M

Ranges from 2% to >40%  
You're your sales team.

Once your program is in place a program manager will be able to track won opportunities back to the references that were supplied to determine moving forward ROI as well as other success metrics.

## Conclusion

Clearly defining each step of your customer reference program, from searching and fulfillment to recruitment and reporting, and setting each against measurable objectives will build a solid foundation for a program built for success. By adding regular, clear communication, setting expectations and actively encouraging ownership from stakeholders, you will accelerate the path to achieving your goals.

## About Boulder Logic

Boulder Logic is the first software provider to offer a packaged solution specifically for managing all areas of an enterprise customer reference program. Companies with complex products and selling cycles rely on Boulder Logic for an easy to deploy, highly customizable enterprise solution that can be integrated into existing environments. Initial implementations are completed in thirty days, allowing for a rapid return on investment. Boulder Logic is headquartered in Boulder, Colorado.

For more information and recommendations on how to fine tune your program, identify metrics and targets, manage data, leverage champions within your organization, and communicate results, contact Boulder Logic at [www.boulderlogic.com](http://www.boulderlogic.com) or (800) 715-1910.