VIRAL MARKETING:
Let the world tell your story for free

Avoiding the "Netscape Moment"

Your Prospects Love White Papers:
Are you giving them what they want?

Seven Ways to Acquire and
Retain Customer References

Add "Quick Hits" and (Finally) Address
Those Priority 3 Enhancements

Viral Marketing? Search Engines? Blogs?

Create a Strategy to Reach Buyers Directly

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Based on the best-selling book, *The New Rules of Marketing & PR: How to use news releases, blogs, podcasting, viral marketing & online media to reach buyers directly* by David Meerman Scott, the New Rules of Marketing seminar will show you how to reach buyers directly with information they want to hear.

New Rules of Marketing™

Create a strategy to reach buyers directly

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or call (800) 816-7861 to register

PRAGMATIC MARKETING®

The Industry Standard for Technology Product Management and Marketing

About Pragmatic Marketing®

Founded in 1993, Pragmatic Marketing provides training, consulting services and an online community for product managers, marketers and business leaders at thousands of technology companies.

We have trained more than 40,000 product management and marketing professionals using the Pragmatic Marketing Framework, a common sense approach to identifying market problems, building the right solution and creating effective go-to-market strategies. Over 90% of attendees rate the training as essential or very useful to their careers.

Our consulting services provide implementation support and custom services.

The online community at PragmaticMarketing.com is the first-choice destination for technology product management and marketing professionals. With more than 35,000 visitors per month, this dynamic resource center contains hundreds of articles, a job board, book reviews, instructional webinars, links to peer networking groups and much more.

Visit www.PragmaticMarketing.com to learn more.

What's new at Pragmatic Marketing?

Pragmatic Marketing is writing a book!

We are very excited to announce a new initiative at Pragmatic Marketing. Phil Myers, Craig Stull and David Meerman Scott are writing a book. Tentatively titled *"Tuned In: Develop real and deep connections to what your market values most,"* it will be published by John Wiley & Sons and released in mid-2008.

The book is based on more than 10 years of collected market information and research on how to develop strategies that lead markets, how to create products that people want to buy and how to create communication programs that your buyers believe. The core of these concepts tie directly to the Pragmatic Marketing Framework as they apply to executives (and their desire to create winning outcomes), managers (and their desire to implement standard processes) and executors (and their desire to improve productivity).

In conjunction with the book, the Tuned In blog at TunedInblog.com was created to test some of the concepts and further refine the material for the book, and we appreciate any and all comments you might have about the topics. We believe there is an interesting story to tell here and welcome everyone's participation in bringing it to life in a way that resonates.

New webinar series

Recently, we began hosting webinars presented by today's industry experts and thought-leaders. With topics including the role of product management in an Agile development environment; how effective product managers know their market; building strategies for reaching buyers directly online; and why effective product marketing is not about the product, this free series provides information on a broad range of issues affecting today's technology product managers and marketers. Be sure to check out the schedule of upcoming events at pragmaticmarketing.com/webinars. And if you would like to present a webinar, drop us a note at pragmaticmarketing.com/submit

Annual product management and marketing survey

It's that time of year, again! Our annual survey of product managers and marketers will be open from October 29th until November 21st. Be sure to stop by our website and participate. The results will be published in January, 2008.

VIRAL MARKETING:

PRODUCTION *Viral Marketing*

DIRECTOR *David Meerman Scott*

CAMERA *TPM*

DATE *10/07*

SCENE

TAKE

Let the world tell your story for free

By David Meerman Scott

For marketers, one of the coolest things about the Web is that when an idea takes off, it can propel a brand or company to fame and fortune. *For free.* Whatever you call it—viral, buzz, word-of-mouse, or word-of-blog marketing—having other people tell your story drives action. Many viral phenomena start innocently. Somebody creates something—a funny video clip, an e-book, a cartoon, or a story—to amuse friends or inform buyers, and one person sends it to another, then that person sends it to yet another, and on and on. Perhaps the creator might have expected to reach just a few dozen people. One of the first examples I remember was the "dancing baby" from the mid-1990s. It was grainy and low-tech, but it was cool. And it spread like crazy. Instead of reaching a few hundred friends and colleagues, dancing baby struck a nerve and reached millions.

The challenge for marketers is to harness the amazing power of viral. There are people who will tell you that it is possible to create a viral campaign that is guaranteed to be a hit, and there are even agencies that specialize in the area. But when organizations set out to go viral, the vast majority of campaigns fail. Or the viral component has nothing to do with the company and its products ("Free iPods!" will drive viral but probably not sales) Worse, some companies set up fake viral campaigns where people who are employed or in some way compensated by the company write about a product. The Web is hyperefficient at collective investigative reporting and smoking out trickery, so these campaigns rarely succeed and may even cause great harm to reputations. ➡

Often, a corporate approach is some gimmicky game or contest that just feels forced and advertisement-like. I think it is virtually impossible to create a Web marketing program that is *guaranteed* to go viral. A huge amount of luck and timing are necessary. A sort of homemade feel seems to work, while slick and polished doesn't. For example, the Numa Numa Dance that was popular several years ago was about as homemade as you can get—just a guy with a Web camera on his computer—and it helped to popularize the song and sell a bunch of downloads.

Of course, it's not just crazy dancing that goes viral. The formula is a combination of some great (and free) Web content (a video, a blog entry, or an e-book) that is groundbreaking or amazing or hilarious or involves a celebrity, plus a network of people to light the fire, and all with links that make it very easy to share. While many organizations plan viral marketing campaigns to spread the word about their products or services, don't forget that something may go viral *that you didn't start* (remember the Mentos and Diet Coke geysers?). And it may show you or your products in either a positive or a negative light. Monitor the Web for your organization and brand names so you are quickly alerted to what people are saying. And if a positive viral explosion that you didn't initiate begins, don't just hang on for the ride—push it along!

Technology and software companies: Create viral buzz by thinking like a venture capitalist

While I think it is difficult to purposely create viral marketing buzz, it is certainly possible. Technology companies and software companies should create viral programs the way that venture capitalists (VCs) invest in start-up companies and studios create films. A typical VC has a formula that states that most ventures will fail, a few might do okay, and one out of 20 or so will take off and become a large enterprise that will repay investors many times over the initial investment. Record companies and movie studios follow the same principles, expecting that most of the projects that they green-light will have meager sales, but that the one hit will more than repay the cost of a bunch of flops. The problem is that nobody knows with certainty which movie or venture-backed company in the portfolio will succeed, so it requires a numbers game of investing in many prospects.

The same goes for viral efforts. Create a number of campaigns and see what hits, then nurture the winners along. To create a viral marketing strategy using the VC model, brainstorm lots of ideas. To minimize poisonous internal groupthink, invite people from the outside to help. If you can recruit some teenagers to join you, you may end up with some great ideas. I've gotten involved with Facebook, which has started to go viral for me, and now have 100 or so "friends" as a result of my 14-year-old daughter's help and encouragement.

Online video goes viral

I'm seeing more and more technology companies and software companies using online video for marketing purposes and as attempts to go viral. Prior to YouTube making video commonplace on the Web, you'd only see small forays into corporate video, and usually these efforts were mundane and predictable—things like a broadcast of the CEO's speech at the annual meeting. Well, OK, some people might watch, but unless the CEO makes a dramatic gaffe, (picking his nose while talking would work), a video like that is unlikely to go viral.

The idea of companies using video for Web marketing is still new. Video follows both blogs and podcasting on the adoption curve at organizations that don't have a service that naturally lends itself to video. Some companies are certainly experimenting, often by embedding video (typically hosted at YouTube) into their existing blogs.

When I deliver the new Pragmatic Marketing seminar, *New Rules of Marketing,* I often get questions or comments about video use by corporations. People say things like "But we're a ____ company. We can't put video on YouTube!" (Fill in the blank with "big" or "famous" or "conservative" or "business-to-business.") The fact is, some of the best online video comes from unlikely sources. One of my favorites is a series of "mockumentaries" produced by IBM. The multi-episode "The Art of the Sale" (youtube.com/watch?v=MSqXKp-00hM)
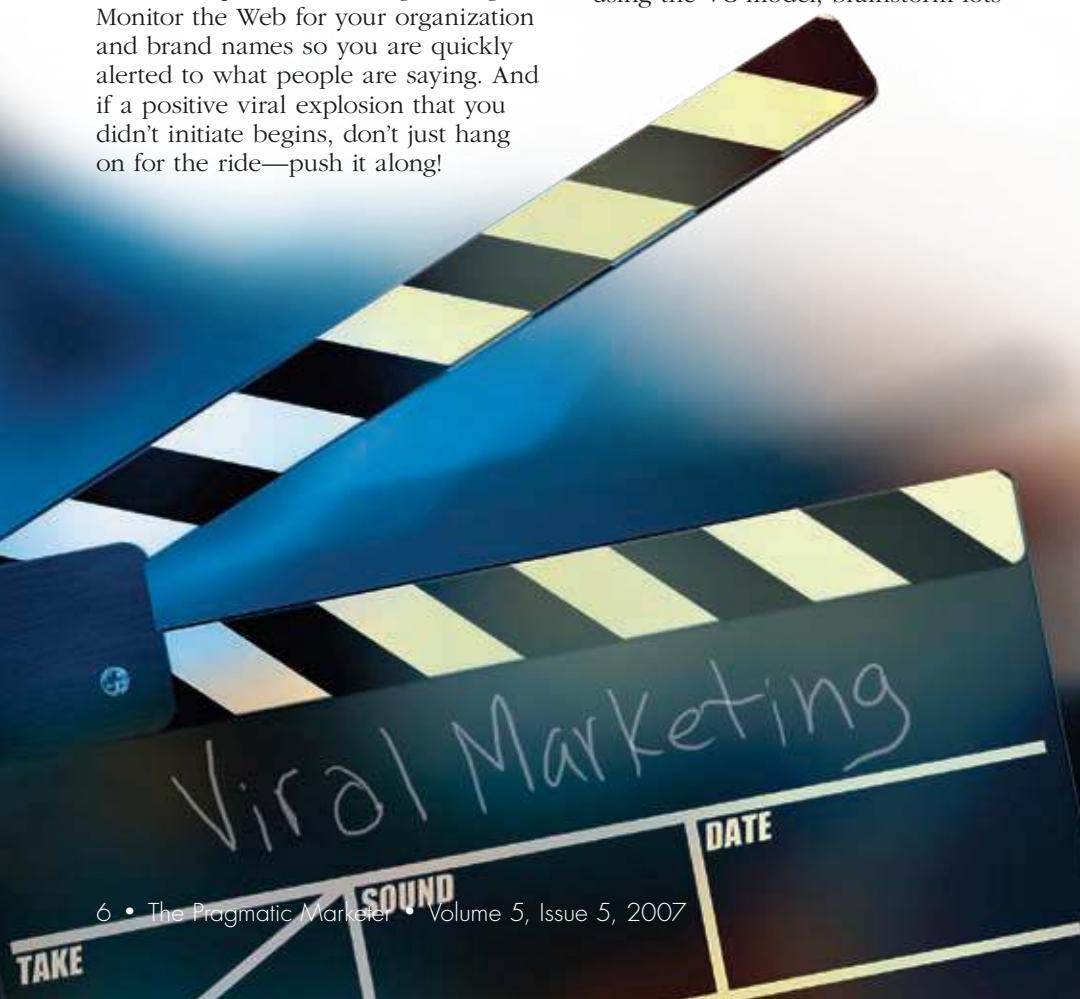
is a terrific spoof on corporate training videos. Until the end of the video, you don't even know who produced it. Tens of thousands of people have watched it, and the viral efforts are a success—my writing about it is proof that it has gone viral.

Another fascinating example of a viral video comes from Tubes by Adesso. Tubes is an online desktop file-sharing service designed to let anyone create instant personal-sharing networks of friends and colleagues. The marketers at Tubes have created a number of tongue-in-cheek viral campaigns. For Mothers Day, they released *Tube Your Mom,* a campaign to give away the Tubes application as a last-minute Mothers Day gift. The campaign included a YouTube video, a press release, and a landing page. "Not going to make it home for Mother's Day? Send Mom a Tube. She'll be able to enjoy photo memories all year."

Sometimes a series of videos works well as a mechanism for people to download additional videos from the marketer. For example, a small company called Blendtec makes household blenders. They created a huge hit with their series of YouTube videos called "Will It Blend?" These videos each have been seen more than a million times:

Will It Blend? iPod:
youtube.com/watch?v=B8H29jU8Wrs

Will It Blend? Golf Balls:
youtube.com/watch?v=MC8Zvl-8ziA

Will It Blend? Marbles:
youtube.com/watch?v=3OmpnfL5PCw

Organizations of all kinds are now busy posting video content on YouTube and sending people links to the content (or hoping that it goes viral). Creating a simple video is really easy; all that's required is a $300 digital video camera—or even a mobile phone—and a YouTube account. There are all sorts of enhancements and editing techniques to make video more professional, but some organizations go with the grainy and jerky "homemade" look. Other

companies create a regular series of video content that might be delivered through a video blog (vlog), an online video channel at a company site, or a "vodcast" (a video series tied to a syndication component with iTunes and RSS feeds).

Ten tips for using YouTube for viral marketing

Tip #1 Creating a video is easy, and posting on YouTube is free

Copy the video to your computer, and then either upload your video as is or edit it with such software as iMovie or Windows Movie Maker to add titles and special effects.

Tip #2 Homemade is just fine

You don't need to hire a professional. A homemade-quality video can work well. But plan ahead and shoot several takes to get it right.

Tip #3 Your video should be no longer than two minutes (preferably less)

Think very short. Although YouTube will accept a video that is less than 10 minutes (smaller than 100MB), try to make the video between 30 seconds and two minutes.

Tip #4 Make your description clear and specific

To best promote your video, create an accurate and interesting text description. Use descriptive keywords and language that people will use when they search for videos like yours. And use the correct categorizations on YouTube so people will find it.

Tip #5 Don't attempt "stealth" fake customer insertions

Some companies attempt sneaky, stealth insertions to YouTube of corporate-sponsored video in a way that makes it seem like the video is consumer-generated. A typical case is happy twenty-somethings at a party doing fun things while using a certain brand of technology. The YouTube community is remarkably skilled at ratting out inauthentic video, so this approach is likely to backfire and cause harm to a brand.

Tip #6 Consider inviting your customer communities to submit video

One of the most effective ways to use video to drive viral marketing is for companies to develop a contest for people to submit their own video, which then is made available for others to see. Would-be directors are given prizes, and the best videos are usually showcased on the company site. In some cases, the winning videos are also played on TV as "real" commercials.

Tip #7 Try a series of similar videos to build interest

Sometimes a series of videos works well as in the case of "Will It Blend?".

Tip #8 Tell everyone about your video

When you upload your first few videos, you are likely to hear a deafening silence. You'll be waiting for comments, but none will come. You'll check your video statistics and be disappointed by the tiny number of viewers. Don't get discouraged—that's normal! It takes time to build an audience. When you're just getting started, make sure people know it is there and can find it. Create links to your video from your home page, product pages, or online media room. Mention your video in your email or off-line newsletters, and create links to your video as part of your email signature and those of other people in your organization.

Tip #9 Make sure bloggers know about the video.

Sending bloggers a link to the video or commenting on other people's blogs (and including a link to your video) is a good way to build an audience. If you comment on blogs in the same space as yours, you might be surprised at how quickly you will get viewers to your video.

Tip #10 Experiment! Try it! Have fun!

Video content on the Web is still very new for marketers and communicators. But the potential to deliver information to buyers in new and surprising ways is greater when you use a new medium. And while your competition is still trying to figure out "that blogging thing," you can tap into the world of video and leave the competition behind.

E-books go viral

Web content sells and has the power to go viral. An effective online content strategy, artfully executed, drives action. Organizations that use online content have a clearly defined goal: to sell products, generate leads, secure contributions, or get people to join. And they deploy a content strategy that directly contributes to reaching that goal. Content on the Web takes many forms besides video, including an effective content-centric site, Webinars, blogs, podcasts, and Wikipedia entries (wikis).

I've been fascinated recently by the power of e-books. My own e-book, *The New Rules of PR: How to create a press release strategy for reaching buyers directly* (www.davidmeermanscott.com/documents/New_Rules_of_PR.pdf), has been downloaded a remarkable 250,000 times since it was released in early 2006. Imagine how much you would have to pay to get an equivalent number of people to download something via such traditional marketing as an advertisement! Millions of dollars, perhaps.

E-books have a bit of intrigue to them. People instantly see the value in what they have downloaded for free. In my opinion, e-books are things people *want* to read, compared to white papers, those things that our buyers feel they *should* read (but often don't).

I recommend that e-books be presented in a landscape format, rather than the white paper's portrait format. Well-executed e-books have more white space and interesting graphics and images. And the copy is typically written in a lighter style than the denser white paper. In my view, e-books (as viral marketing tools) are always free and there is never a registration requirement.
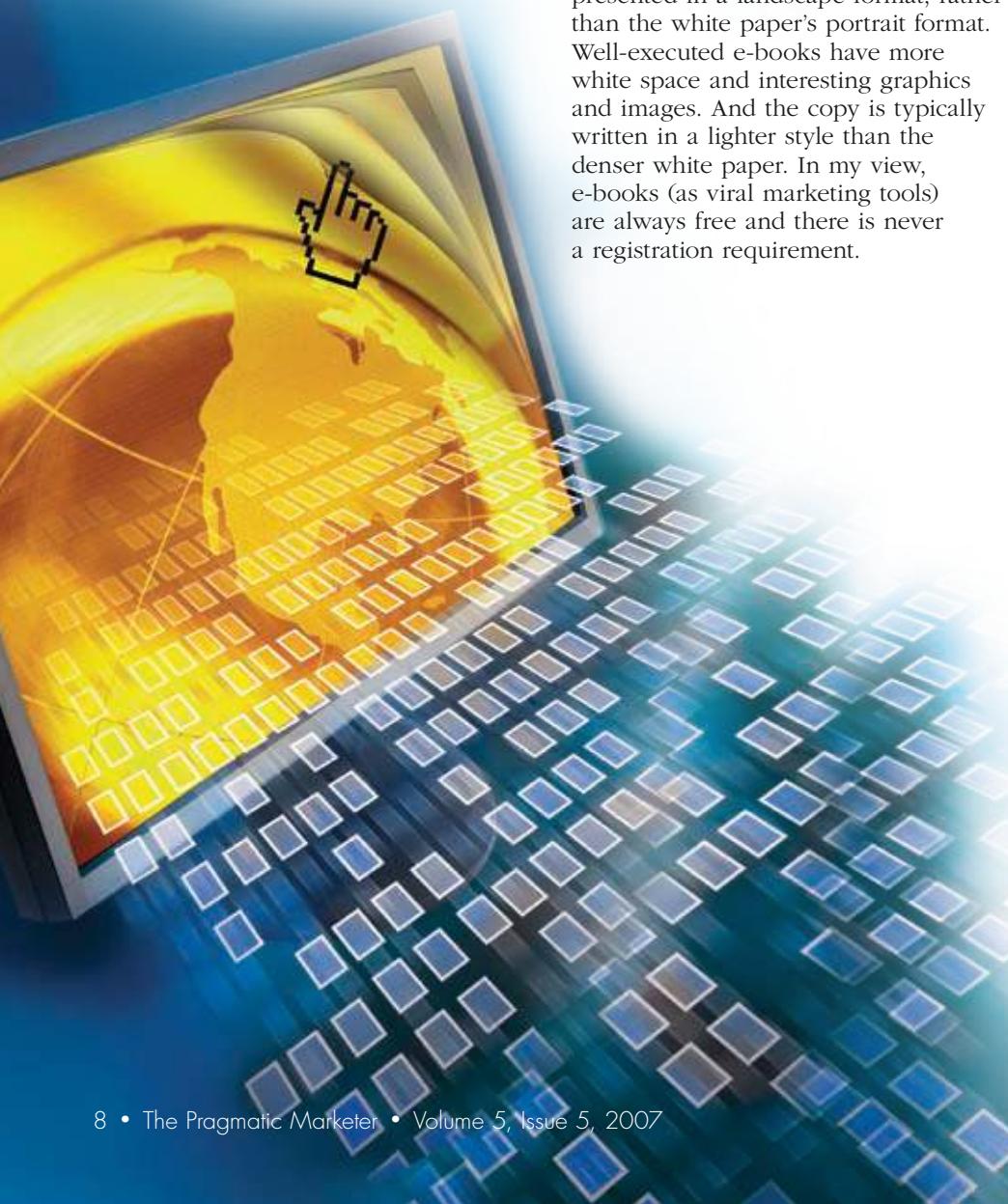
Tips to make your e-book more compelling

Think like a publisher by understanding your audience. Consider what market problems your audience has, and develop a topic that appeals to your readers.

Write for your audience. Use examples and stories. Make it interesting.

- You will need a great title that grabs attention. Use a subtitle to describe what the e-book will deliver.

- Hire a professional editor to do a second draft, and a proofreader to finalize the copy.

- Have the e-book professionally designed.

- Put a Creative Commons license on the content so that people know they can freely share your copyrighted material (http://creativecommons.org/licenses/by/2.5/).

- Create a landing page from which people can download your e-book. For an example, check out the Pragmatic Marketing, Inc. e-book *The Secrets of Market-Driven Leaders: How technology company CEOs create success (and why most fail)*, by Craig Stull, Phil Myers, and David Meerman Scott (pragmaticmarketing.com/secrets).

- Promote the e-book like crazy. Offer the e-book on your site with easy-to-find links. If you have a blog, write about it there. Add a link to employees' e-mail signatures. Get partners to offer links.

- To drive viral marketing, alert media, bloggers, and analysts that the e-book is available and send them a download link. (Don't send a PDF document directly.)

This is a new world for marketers and corporate communicators. Never before has a medium allowed an idea (or a product) to spread to millions instantly in the way that the Web does. E-books are true examples of thought leadership at work and hold the potential to influence many thousands of people in ways that traditional marketing cannot. ➡

Coming Soon
Annual Product Manager and Marketer Survey

What is the difference between **product management** and **product marketing?**
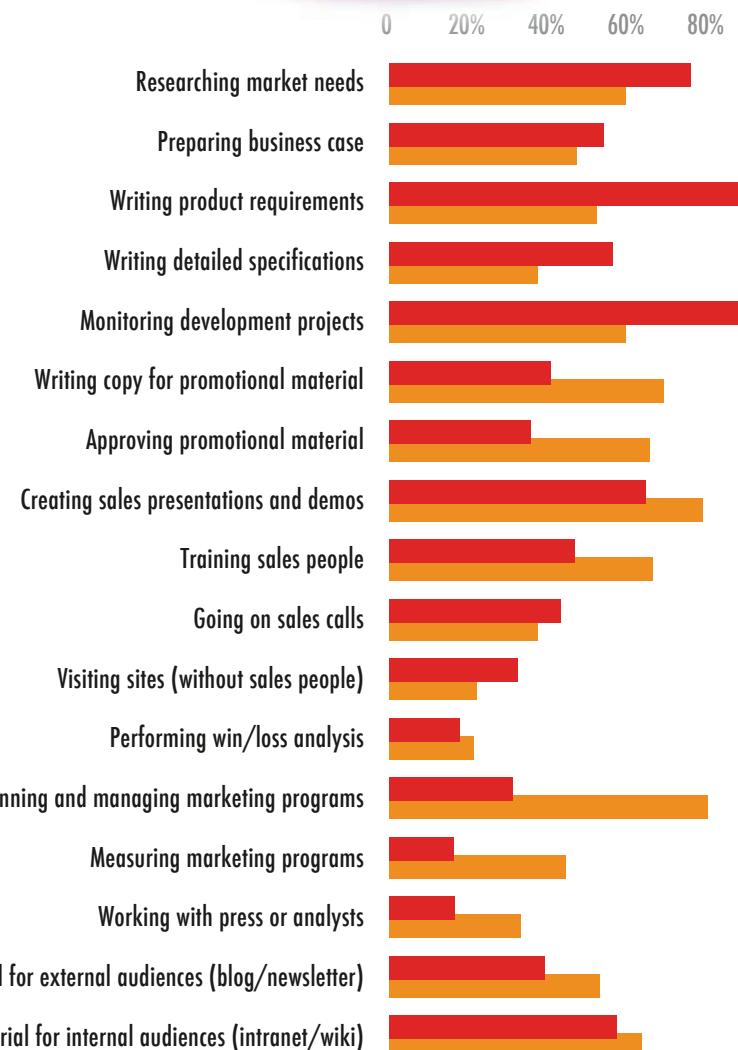
There's an on-going discussion in virtually every company about titles and responsibilities in product management. This graph from our 2006 survey (pragmaticmarketing.com/survey) shows that, in practice, these titles have much overlap.

Each year, Pragmatic Marketing conducts a survey with product managers and marketing professionals. Our objective is to provide information about compensation as well as the most common responsibilities for product managers and other marketing professionals.

The survey will be open from October 29th until November 21st so visit www.PragmaticMarketing.com to have your say!

Chart categories (with scale 0 – 100%):

- Researching market needs
- Preparing business case
- Writing product requirements
- Writing detailed specifications
- Monitoring development projects
- Writing copy for promotional material
- Approving promotional material
- Creating sales presentations and demos
- Training sales people
- Going on sales calls
- Visiting sites (without sales people)
- Performing win/loss analysis
- Planning and managing marketing programs
- Measuring marketing programs
- Working with press or analysts
- Creating material for external audiences (blog/newsletter)
- Creating material for internal audiences (intranet/wiki)

Legend:
- Product marketing manager
- Product manager

Monitoring the blogosphere for viral eruptions

Every day, bloggers, podcasters, and vloggers promote and pan products. Consumers tell good and bad tales in which products and services play a starring role. For example, nearly 200 bloggers wrote about my book *The New Rules of Marketing & PR: How to use news releases, blogs, podcasting, viral marketing & online media to reach buyers directly* in the space of just a few months of release—propelling it for many weeks to the number one position in the Public Relations and Marketing category on Amazon.com. A blogger writing about books is free advertising for the author, while the cost of launching a number-one best-seller by using traditional marketing and PR techniques would be hundreds of thousands of dollars.

But there's another aspect of viral marketing people sometimes forget. It can go the other way! People can pan your products and services online via blogs, forums, and chat rooms. Sadly, most companies are clueless about what's going on in the blogosphere. At a minimum, marketing professionals need to know immediately when their brand names or executives are mentioned in a blog. Beyond mention-counting, analysis is important. What are the significant trends in words and phrases currently popular in the blogosphere as they relate to your organization, product, and industry? At the least, you should learn the reason for any spikes in blog mentions about your company and products and should alert executives. When the *Wall Street Journal* calls for comment about your failed product, "Huh?" is not the savviest response.

As a starting point, all marketing and PR people need to go to blog search engines and run a query on your organization's name, the names of products and services, and other important words and phrases such as executives' names. Technorati

(technorati.com) is an excellent blog search engine. It allows you to instantly see if any of the *77 million* blogs that it tracks has information you need to know. I can't imagine an organization that wouldn't find value in knowing what's being said on blogs about it or its products or the industry or market in which it participates.

Such interactive forums as blogs, chat rooms, and message boards are often seen as insignificant backwaters by PR and marketing people—not worth the time to even monitor, let alone participate in. I've heard many marketers dismiss online forums with disdain, saying things like "Why should I worry about a bunch of geeks obsessively typing away in the dead of night?" But as many marketers have learned, ignoring forums can be hazardous to your brand, while participating as a member reaps rewards.

On October 31, 2005, in a post on his blog called "Sony, Rootkits and Digital Rights Management Gone Too Far," Mark Russinovich detailed an analysis he conducted about characteristics of the software used on Sony BMG music CDs to manage permissions for the purchased music. Russinovich argued that shortcomings in the software design created security issues that might be exploited by malicious software, such as worms or viruses. He also showed that both the way the software is installed and its lack of an uninstaller utility were troublesome.

The reaction to Russinovich's post was immediate and dramatic. In the next several days, hundreds of comments, many harshly critical of Sony BMG Music, were posted on his blog.

Hundreds of other bloggers jumped in with their own take on the issue, and chat rooms and forums such as Slashdot were abuzz. Many people expressed frustration that the music industry disapproves of music piracy and sues music downloaders, yet treats its customers poorly (which reflected negatively on the entire industry, not just on Sony BMG). Soon, reporters from online news sites such as ZDNet and *InformationWeek* wrote their own analyses, and the issue became international news.

So where was Sony BMG during the online hullabaloo? Not on the blogs. Not on the message boards. Nobody from Sony BMG participated in the online discussions. Nobody spoke with online media. Sony BMG was dark (not participating in the communities at all), which added to the frustrations of those who were concerned about the issues. Finally on November 4, 2005, Sony BMG's global digital business president Thomas Hesse went on NPR's *Morning Edition* to defend the company. The choice of NPR (radio) as a forum to react to a storm of protest on the Web was a poor one. Had Hesse immediately commented on Russinovich's blog or agreed to speak with a technology reporter for an online publication, he could have gotten his take on the issue onto the screens of concerned people early in the crisis to help diffuse the anger.

Online debate intensified. On November 18, 2005, Sony BMG reacted with the announcement of an exchange program (http://blog. sonymusic.com/sonybmg/ archives/111505.html).

Unfortunately for Sony BMG, the exchange program didn't end the issue. On November 21, 2005, Texas Attorney General Greg Abbott sued Sony BMG under the state's 2005 spyware law. California and New York followed with class-action lawsuits. Soon after, law student Mark Lyon started a blog to track Sony BMG XCP rootkit lawsuits. Several cases have been settled since, and Lyon continues to cover all the action on his Sony Suit blog (sonysuit.com).

Of course, we will never know what would have happened if someone from Sony BMG had quickly jumped into the blogstorm, apologized, stated Sony's plan of action, and offered the exchange program immediately. The negative effect might have been substantially diminished.

What's important for all organizations to take away from this incident is that it is critical to respond quickly to situations as they unfold on the Web. Reacting quickly and honestly in the same forums where the discussions are taking place is essential. You may not be able to completely turn a negative situation around, but you will instantly be seen as a real person who gives a name and a personality to a large, seemingly uncaring organization. Just by participating, you will contribute to making the situation right. The Web's power of linking should ensure that

participants who see your posts on one forum or blog will link to them from other forums and blogs, so you don't have to worry about contributing to multiple places.

Viral marketing—having others tell your story for you—is one of the most exciting and powerful ways to reach your audiences. It's not easy to harness the power, but with careful preparation when you are sitting on news—and with clever ideas for what has the potential to create interest—any organization has the power to become famous on the Web.   TPM

David Meerman Scott is an online thought leadership and viral marketing strategist, and the programs he has developed have won numerous awards and are responsible for selling more than one billion dollars worth of products and services worldwide. He is the author of the number-one best-selling PR and marketing book, The New Rules of Marketing & PR: How to use news releases, blogs, podcasting, viral marketing & online media to reach buyers directly*, and has lived and worked in New York, Tokyo, Boston, and Hong Kong. He has presented at industry conferences and events in more than 20 countries on four continents. Check out his blog at http://www.webinknow.com*

Product Managers and Product Marketers

Practical Product Management®

Practical Product Management is for product managers and those who manage or contribute to aspects of product marketing and management. This two-day seminar fully explores the role of technical product management, providing tools and a framework to help get products to market more efficiently.

Days 1 – 2

I. Strategic Role of Product Management
- What is marketing?
- Definition of the role of product management
- Contrasting product management and product marketing
- Assigning ownership of responsibilities
- Identifying the "first steps" with gap analysis

II. Market Analysis
- Distinctive competence
- Market research
- Market problems
- Technology assessment
- Competitive analysis

III. Quantitative Analysis
- Market sizing
- Product performance
- Operational metrics
- Win/loss analysis

IV. Product Strategy
- Business case
- Pricing
- Buy, build, or partner?
- Thought leaders
- Innovation

V. Product Planning
- Positioning
- Sales process

VI. Case Study

VII. Delineating Responsibilities
- Communicating market facts to Development, Marketing Communications, and Sales
- Drawing the line between Product Management and the other departments

Requirements That Work™

Requirements That Work is an intensive one-day course that introduces a straightforward method for creating product plans that product managers can write, developers readily embrace, and that produce solutions the market wants to buy.

(this is day 3 of Practical Product Management)

VIII. Building the Market Requirements Document (MRD)
- Writing requirements
- Implementing use-case scenarios
- Programming for the "persona"
- Determining product feature sets
- Creating the MRD

IX. Analyzing Business and Technology Drivers
- Reviewing specifications
- Prioritizing the product feature set

X. Getting (and Keeping) Commitments
- Product contract
- Getting the product team in sync
- Getting executive support
- Communicating the plan in the company and in the market

Effective Product Marketing

Effective Product Marketing is a two-day seminar that delivers practical tools and processes for product managers and product marketers who want to improve their strategic contribution and align with the sales organization. Learn how to build a repeatable process to develop, execute and measure go-to-market strategies that ensure product success.

I. Roles and Responsibilities
- Differentiate roles of product management and product marketing
- Distinguish sales support from product marketing
- Ensure effective hand-off between Product Management, Marketing, and Sales

II. Segmenting and Targeting Audiences
- Segmented marketing strategies
- Buying criteria and program influences
- Building market messages

III. Building a Strategic Product Marketing Program
- Communicating the business case for product marketing programs
- Supporting sales goals
- Metrics that build management support
- Creating the right marketing budget
- A strategic approach to the marketing program mix

IV. Align with Sales
- Responding to endless tactical requests
- Measuring and improving sales processes/productivity
- Optimizing web content and sales tools
- Working with Sales to sell new products and enter new markets

V. Goal-Oriented Program Execution
- Managing and measuring lead quality and throughput
- Integrating programs by market segment and target audience
- Measuring results with or without CRM
- Influencing customer retention and migration
- Building and measuring positioning awareness

VI. Start Where You Are
- Prioritizing next steps
- Implementing new ideas for current programs
- Continuously measure and improve

AVOIDING THE

By Nilofer Merchant

Competition in the technology industry is fundamental. Without it, we would never have seen the innovations and incredibly cool stuff that have informed, transformed, and improved our daily lives. Think about search engines and how often we use them to find anything, anytime. Or email tools that allow us to connect and exchange ideas with one another. Or blogging that enables the creation of valuable ideas. Or—well, you get my point.

We want that process to continue to raise both the caliber of what is created and the value it offers. But there's a caveat that goes along with the process: When there's a winner, there's also a loser.

Several companies are facing their "Netscape Moment." No, not the "everyone who matters wants to work here, and we're making $1 million for each day we show up to work" kind of business insanity. I'm talking about the day Microsoft announced it would enter the category. Netscape never recovered. It lost its mojo—and, along with it, the market it created.

Four things that drive competitive play

There are just a few things that inevitably create competitive dynamics. These are the things that make a company say, "Yum, that looks good enough to eat!"

- **Viability of the market.** Is the opportunity big enough for me and my band of investors to make lots and lots of money? Almost any company in the social networking space today will answer "yes" to this question. But the point is, everyone wants to answer "yes"—regardless of the market.

- **Completeness of the solution.** Is there an underserved piece of the environment? For example, when Shutterfly launched, it wasn't planning to beat out Adobe's Photoshop with its built-in editing solution. It just made sense for Shutterfly's solution, and thus the company integrated editing into what it was building.

- **Pricing-value mix.** Can I do it cheaper and provide better value? There was a time when computing technology was a couple thousand dollars. Now it's possible to own a $500 Dell computer. That's what makes a market viable: operational and technical efficiency.

- **Customer gaps.** Is the customer pain still unresolved? Technology innovators can sometimes see what others can't—it's the vision thing. They can design something and solve a problem that a customer isn't even aware exists—until the customer uses the software that solves it. Consider how many thousands of phone designs existed before the iPhone.

These opportunities are what make a market attractive enough to enter. Then the challenge begins.

Some think that once a bigger competitor enters the space, it's just a matter of time before the death knell sounds. I think the opposite is true, because there are competitive rules that create wins and others that result in abdicating the market to the new entrant.

"Netscape Moment"

The rules to win

To develop an effective competitive plan, you must understand the four types of swords you have in your armory—then figure out which one applies to your situation. They include:

1. Differentiate your offer.
Successful firms must differentiate their product from all other products in the market. Differentiation is possible on the basis of five fundamental factors:

- What it does (function)

- How fast/cool it is (utility)

- Being able to use it exactly when you need it (convenience/elegance of use)

- Price

- Perception

These five elements can be mixed into an almost infinite variety of patterns. Keep your eye on out-innovating and adding value.

Autodesk is a technology vendor that has done this well. The company was starting to lose market share and mindshare to low-end vendors and a big vendor named Microsoft.

What it did was two-fold: First, it created a low-end offer that matched the competition point-for-point; second, it innovated toward high-end vertical solutions that added *much* more customer benefit than it had before. This kind of product evolution provides great armor against attacks.

2. Create customer loyalists. Notice that I didn't start with having a better product. Making a better widget isn't a competitive strategy. But having crazy, love-like affinity between you and your customers is. Do you think that many vendors can come between Apple and their Mac users? No, of course not. I take a tremendous amount of teasing for wanting to use my Mac and only my Mac. But it helps me work faster, I'm synced with the intuitive interface, and I have fewer "down" moments than my colleagues who use PCs. That kind of customer passion allows a defensive posture that is priceless. In the technology field, sooner or later you will be attacked by a competitor. Don't get caught in a fantasy that they won't attack. Make sure that your customers are so in love with your company and your products that the enemy can't attack.

How? Here are a few ways: Be generous, resonate with your customers, be inclusive, and delight and educate people. Generosity is much like love: The more you give, the more you receive. Customers like being known and having their likes (and dislikes) noted; that tells them you're resonating with them. People like sharing their favorite ice cream flavor or making a comment on a book they bought, so be inclusive and let them have their say. Delighting customers can mean simple appreciation. And what customer doesn't appreciate a business that provides him or her with the knowledge needed to navigate a too-busy life?

A good example of a company with strong customer affinity (considering a seemingly inconsequential software market) is Intuit. Microsoft tried to buy the company, then entered the financial software space. The extremely strong, loyal user base was one of Intuit's biggest assets in that war. When AOL was trying to win the dial-up market, it was extremely aggressive with promotional CD mailers. Someone at the company could have pointed out that there wasn't a person who didn't know AOL existed. But it was the relentless pursuit of each and every customer, repeatedly, that made AOL the dominant leader of its space and also made the company very difficult to displace.

Lest this come across as a "hug your customers" thing, let's be clear: Don't love 'em—build an affinity so you know *exactly* what they need. Don't just give away everything they need; be a champion for services and products that match the needs customers know they have, as well as those they don't yet know they have.

➡

3. Establish the right competitive barriers. Traditional barriers to competition, as defined by economists, are of little value in the technology space. These conventional techniques are mostly designed to prevent market entry and tend not to work in a technology-based business. The most effective competitive barriers in technology are the perceptions held by customers, prospects, and those involved in the supporting infrastructure.

VMWare is facing that situation today. It has virtually created (pun intended) the virtualization category, yet the company has done it in such a way that no one is inclined to create more market momentum in that direction. VMWare has also created the category—without ensuring the company is the rightful beneficiary of the category growth. This, while notable and worthy in the category of innovation, is like spending money to water the neighbors' yard and not your own. It makes the neighborhood look good, but it doesn't build value in your own real estate.

To overcome this challenge, you need to become a brand bulldog. Pick your turf carefully, and then defend it with the tenacity of a junkyard dog guarding his bone. Forget about parity and go for distinction. Get clear on your brand position and ensure everyone in your company knows it and can articulate it. Also ensure that however you define your offer, it is truly unique. With that, you can lay claim to it, and you have a different way to fight. Customers want you to articulate why they need to follow you.

Regarding vision, don't leave things unchallenged, don't be a target for the bully, and give customers and advocates a view that includes why they should choose you. The absence of your voice on the podium leaves a vacuum. Don't let that happen. Fill the auditorium with the sound of your vision and direction. Don't wait until you have your product management team in place. Vision is vision because few people have it. The only way to develop vision is to force yourself to articulate and develop it.

4. Find new users. Sometimes the best defense isn't defending at all; it's finding ways to grow the market. If your customers are still early in the adoption curve, especially if there are new segments you can open up, it's usually more cost-effective for you to bring in new users than it is to defend every inch of the turf you hold today.

This concept stands traditional industry wisdom on its head. It's supposed to always be cheaper to keep an existing customer than to get a new one. But think about it—if your market isn't already flooded with competitors, a new entrant can usually get 10% market share just by showing up and being different. You should always defend the core of your market, but that 10% at the fringe can be too expensive to keep. If you made the same investment in a new part of the market where there's no competition, you might be able to grow in the new area faster than you lose customers in the current segment.

This means that, before you can decide what to do about a new competitor, understand where you are on the demand curve. If your market is close to saturation, there's no alternative to hunkering down and fighting an all-out defensive battle. But if you're not saturated, driving new growth may well be the best option.

Finding out where you are on the demand curve is a lot trickier than most people think. Marketing theory says that market growth is supposed to go through an S-curve, with a slow takeoff, followed by rapid growth, then declining growth as the market saturates. If you grew rapidly last year, you're probably in the steep part of the curve. If growth has started to slow down, you're probably approaching saturation. Unfortunately, real-world market growth usually moves in fits and starts. It's hard to tell whether you're close to saturation. Alcatel Lucent has been facing this battle for the last few years, and it continues to hold on strongly to the old market and old customer sets, while refusing to invest in driving the growth of a new cash cow.

All this is motherhood and apple pie, isn't it?

Competition is healthy. I praise its results. I offer all of this discussion as a way of encouraging better competition. I want to see the development of services and products of such value to consumers and businesses that everyone gains. Maybe with that kind of competition, companies like Apple, Nokia, and Google will bypass the wireless companies and get their best products to market.

These suggestions to find new customers, differentiate your offer, create customer loyalists, and establish the right competitive barriers might seem like "motherhood and apple pie" statements, which any of a thousand business books could provide. The question really is: What are the tools to win regardless of the situation?

Competitive advantage starts with the right approach

All this suggests that being competitive is a matter of doing a specific set of "right things." I disagree. So would C.K. Prahalad, professor of strategy at the University of Michigan. In an article in *BusinessWeek* magazine, Prahalad was quoted as saying, "Whatever advantage you have, someone will take it away from you." Andrew S. Grove articulated a similar premise in his book *Only the Paranoid Survive.*

Competitive advantage doesn't come from a checklist; it all starts with an approach:

- **Be the one for the one.** Uniqueness is a lost art—with companies such as Gap and Abercrombie & Fitch turning out mass-produced clothing. But there's a reason why Whole Foods can compete with Safeway or Apple can win against Dell. Companies have to pilot like crazy. Experimentation has gotten a bum rap. Established software companies often balk at creating web applications because they're not sure how they'll make money in that world. Real web

applications companies don't let that stop them. They know that the industry is still in its infancy, and you can't figure out the revenue model until you dig in and try things.

So get started, and run a series of experiments that will tell you where you can make money. You may find that it'll be a mix of advertising, professional services, support fees, charging for premium applications and services, and commissions for people who sell products and services through you. As long as you keep your expenses low (like web applications companies do), you'll be able to afford these experiments. Then pour on the resources when you find the right mix. Run the businesses side-by-side.

That's my strong advice. Now that you're actively developing the Web 2.0 version of your company, defend your existing applications' franchise for as long as you can. That means focusing on the functionality that's hard to implement using web applications tools—and keeping your core customers buying upgrades for as long as possible. Your goal is to make sure that as your users get cannibalized by the web applications world, they get cannibalized by you rather than someone else. You're not trying to dramatically increase the rate of cannibalization. In practical terms, this means you shouldn't artificially constrain either your web applications team or your traditional applications team. But you should assign the traditional applications team the goal of generating profit, while the web applications group pursues user growth, API adoption, and alliance building.

- **Find something new.** It's easy to sit back and think you've done all you can. But if you love what you do, you have to be thinking: What else is there? Is it what Cirque Du Soleil did 23 years ago when it combined circus with theater? Or what 3M did with Post-its 20+ years ago? Maybe those examples sound simplistic, but it took vision to see a

sticky piece of paper as a market. Don't be like Netflix: The company knew Blockbuster was entering its market two or three years ago, but kept thinking that it could do online delivery and leave the DVD/shipping business to its competition. When the market didn't mature fast enough, Netflix started to look like a big bull's eye—not an innovator and not a company with thousands of customer loyalists.

- **Forget the "me-too" innovation model.** I've seen too many product managers get the competitive products at a tradeshow or via a download, make a list of key features, then submit that list to their engineers. No one—and I'm serious, no one—wins using this model. The thing with value chains is that they're always morphing. What creates power in one market over time becomes an Achilles heel as some new cultural, technological, or leadership change shifts things. What is hard to know is how the value chain is changing right now, while you're in the midst of change, rather than seeing it in hindsight.

- **Create an Etch A Sketch.** If it's old, it's old. If it's the next new thing, figure it out. One of our clients had a product that was a long-standing market leader.

Company executives wanted to invest more money in marketing. My question was, "Why?" It was clear that the product had already won 70% of the category. Spending additional dollars to get the remaining 30% was probably a wasteful exercise. There were rumors that the product was getting long in the tooth, maybe even over-designed and bloated. Why not move to a business model that harvests the old, then do an Etch A Sketch moment: Shake it up and start over. Surround your fort. Nokia has its flanks for suppliers and networks. Apple and eBay do, too. It's called an ecosystem. Success in the web applications world isn't just about setting an application standard that other web applications embrace. For example, Google Maps is a nice service, but is also being widely adopted by other web applications that need to display maps. By sharing this way, Google cuts off competitors and gets free advertising. What core functions should you try to own on every other website? Build those functions, make sure your brand is visible within them, and expose APIs so other companies can use them.

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Why not move to a business model that harvests the old, then do an Etch A Sketch moment: Shake it up and start over.
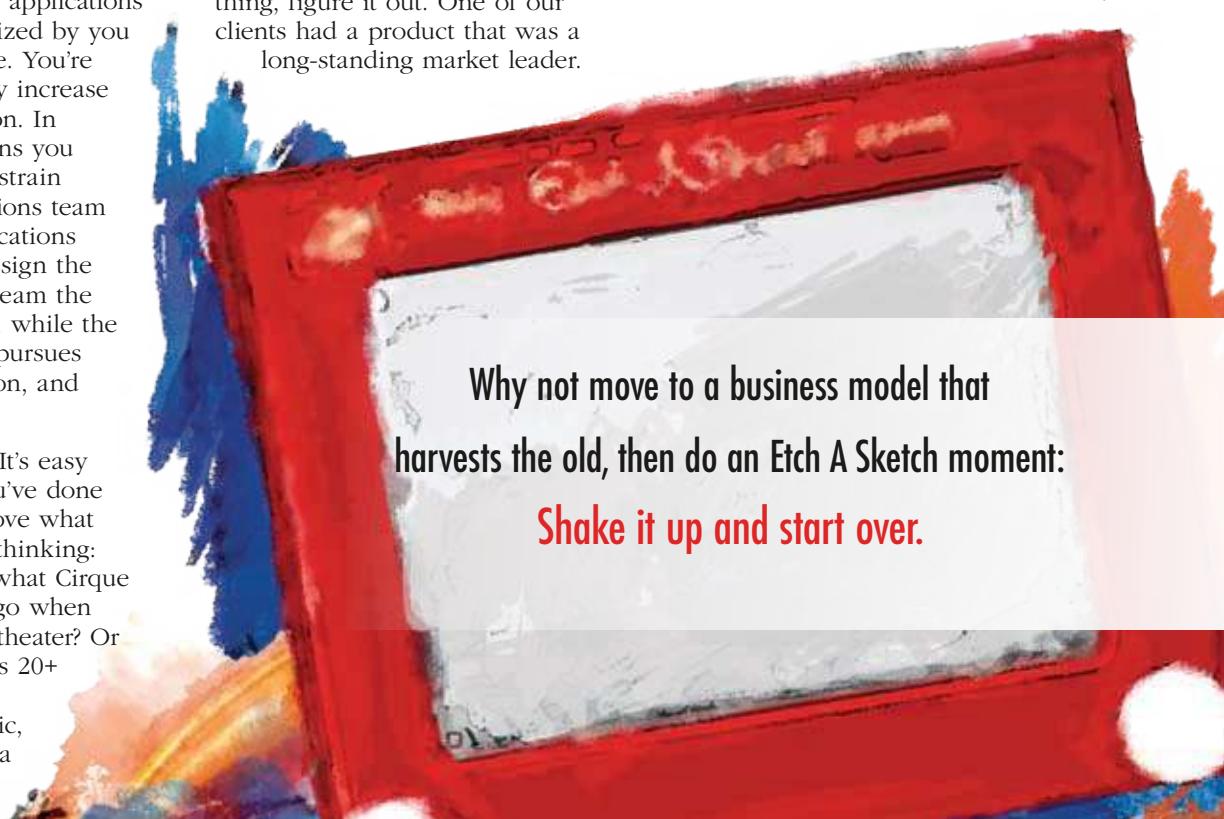
- **Purple, banded collars.**
  People like the convenience of mass production, but long for the recognition of their uniqueness. The kid who wears a different color high-top Converse old-school basketball shoe on each foot wants her or his singular style noticed. People are crossing consumption boundaries in multiple ways. Your neighbor who is obsessive about his lawn may also be into cashmere sweaters, ride-on lawn mowers, books about China, Cuban cigars, bespoke suits, and the Oakland Raiders. Claire, the senior citizen down the street, drinks Brazilian caiparinhas, hikes at least three miles every weekend, is a member of a romance book club, and wears J. Jill clothing. What we thought we knew about others by looking, we now know we don't know at all. People have differing, sometimes conflicting, tastes. What about the 16-year-old sophisticate who'll be accepted by Harvard, lives in Seattle, and whose favorite singer is Reba McEntire?

We need to see what customers are *really* like. Provide the kind of experience, information, services, and products they want. The more detail and depth we give to the individual, the more we can provide highly efficient customer segmentation, instead of depending on product differentiation. This is a shift in our thinking and behavior—and an entirely different way to create viable business and market strategies.

An interactive web platform encourages co-creation with customers and enables conversations. Let the context help drive their experience. Treat users differently than non-users. Cultivate that highly desirable influencer. Your individual customer can reach millions; respect them for it.

Underlying all these things to do is to *believe*. Believe in your customer, believe in the opportunity you have, and believe in your team's ability to invent and serve. Your belief and ability can change the world.

TAKE THE QUIZ

How competitive is your firm?

1. Personal leadership
- **A)** I eat nails for breakfast!
- **B)** I want a promotion, and I'm focused on being named vice president next.
- **C)** May I have some oatmeal, please?

2. Customer advocacy
- **A)** Every customer lost is a sad, sad event.
- **B)** My normal churn would happen, but just as many new customers would join because we treat them right.
- **C)** Customers? What customers?

3. Our product has stayed innovative
- **A)** We've hired every innovator in the area, and we enable them to create new markets for us.
- **B)** We own the category. We'll keep owning it because we have a franchise now.
- **C)** Whatever…we just look at the "best of" and emulate it.

4. Our team
- **A)** We're so hungry to win, we'll do it.
- **B)** We have a playbook of competitive scenario plans in place; they only need to be implemented should warning signs appear.
- **C)** We're panicked. I think half the team has their resume on LinkedIn.

5. Our design model
- **A)** Our engineers are adaptive and able to come up with products linked to customer affinity.
- **B)** Our engineers have had several wins—we're waiting for another right now.
- **C)** Our engineers won't look at anything Not Invented Here (NIH), and they all went to the C.O.P.Y. school of design.

6. Our business model
- **A)** We keep fresh by bringing in best-of-breed resources.
- **B)** We don't want to outsource our brains to anyone. We should have best-of-breed people in house.
- **C)** We don't have a business model— we wait for business to come to us.

Scoring

Give yourself 10 points for every A answer, five for every B, and zero for every C.

**50–60 points:** Celebrate for a couple of hours, then get back to business.

30–50 points: Too much pride involved. Think back to when you were young and striving, then come into work tomorrow and do it again.

0–30 points: You already know the answer—you don't need me to tell you. TPM

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Your Prospects Love White Papers:

Are you giving them what they want?

By Michael A. Stelzner

Is your business struggling to attract prospects? Are you wondering how can you stand out in a sea of marketing noise?

Ultra-short attention spans make it exceptionally difficult for businesses and marketing professionals to gain mindshare.

So what can you do to reach out to people in a positive way?

The answer rests on this premise: **If you provide something of value to prospects, they will give you their respect, time, loyalty, and ultimately their business.**

People are hungry to learn, and they find great value in educational content. Perhaps nothing is more valuable to your prospective customers than white papers.

A white what?

The best way to describe white papers is first to talk about how they are used: **White papers help people make decisions.** Typically, people read white papers because they are trying to solve a particular problem. Those problems could include anything from low employee performance to network latency. The possibilities are endless.

So what is a white paper? A white paper is a cross between an article and a brochure. The effective white paper weaves together the informative material found in an article with the persuasive messages typically found in brochures. Thus, the white paper is designed to inform and persuade.

White papers are very popular in the technology industry. They're also equally effective in nearly any other business-to-business market. They can also be used in business-to-consumer applications under the guise of free reports or guides.

White papers are excellent lead-generation tools. There are many types of white papers, such as technical and government white papers. However, the white paper designed to generate a lead is unique.

In *Confessions of an Advertising Man*, marketing guru David Ogilvy said, "The more informative your advertising, the more persuasive it will be." Even though a white paper is not an ad, there are some great insights to be gained from Ogilvy's words. Information is ultimately the key to effective white papers. White paper information must be perceived as valuable and highly relevant to readers who matter. Ultimately, this means educational content.

What makes white papers so attractive?

Are you wondering whether a white paper is the right marketing tool for your business? Based on recent studies, here are six reasons why you should seriously consider adding white papers to your mix of marketing tools:

1. **Top source for lead generation.** 74% of professional services companies ranked white papers as an excellent source of lead generation.[1]

2. **Most-consumed form of marketing.** White papers are read more often than case studies, product literature, articles from industry journalists, analyst reports, company websites, webcasts, blogs, online videos, or podcasts.[2]

3. **Highly viral marketing tool.** Nearly three in five technology professionals (57%) pass white papers along to colleagues and co-workers.[3]

4. **Most people are willing to register for a white paper.** Almost 80% of readers are willing to complete a registration form to gain access to a white paper, validating a white paper's ability to generate leads.[4]

1) www.writingwhitepapers.com/blog/2007/03/06/raintoday-study

2) www.writingwhitepapers.com/blog/2007/03/27/major-white-paper-study

3) Ibid.

4) www.writingwhitepapers.com/blog/2007/05/10/white-paper-registration

5. **Number-one way businesses evaluate solutions.** For evaluating technology, white papers are used more than email newsletters, product literature, articles, software downloads, webcasts, or case studies.[5]

6. **Popular for people looking to solve problems.** The majority of people use white papers to find solutions to their problems.[6]

Are white papers a part of your marketing mix?

Because white papers are pulled into a prospect's company, white papers have the ability to linger and travel around the business, persuading along the way. It's not uncommon for a well-written white paper to travel across the desks of dozens of people in a single company.

Using white papers for lead generation

To generate leads with white papers, content must avoid a hard sell. This means avoiding the mention of your company or product in the beginning of the white paper. When prospects begin to sense a sales pitch, the white paper shifts from a valuable resource to just another marketing message.

"Successful white paper marketing hinges almost exclusively on the quality of the white paper itself. Still, many vendors expect great things from their white paper marketing efforts but give very little thought to the actual development and creation of the white papers used for these efforts," explained Peter Spande, director, *TechRepublic.com* and *ITPapers.com.*

Chances are, your company has knowledge that people would find valuable. If you give away some of that proprietary, hard-earned insight in the form of a white paper, you can actually propel your company to a position of thought leadership and attract opportunity.

Here are the core character traits of effective educational white papers. Great white papers:

• Downplay the mention of the product or company

• Focus on problems or needs faced by readers

• Examine trends and look at history

A great white paper starts with problems or needs faced by the reader—rather than with the product or service offered by the company. This helps build affinity and trust. It also draws the reader into the white paper by discussing issues to which the reader can relate.

Another important tip is to take an educational approach to your specific solution. For example, discussing how overnight air transit from China can speed business transactions is much better than talking about the benefits of FedEx next-day services. By introducing the solution "generically," the paper is perceived to be more educational. The details of your solution can be revealed later in the paper.

Other educational content could include key trends, how an industry has evolved over the last few years, and what to look for in an ideal solution. By guiding prospects with a well-crafted white paper, you can gain the attention of readers. The result is often a qualified lead.

While white papers are very popular right now, most fail to bring opportunity.

Leveraging white papers to grow your business

Once you have written your masterpiece, it's time to put the document to work for you.

If your goal is to capture a lead, you should place the white paper behind a registration form on your website.

There is a right way and a wrong way to do this:

Mistake #1. How many times have you seen a single sentence or paragraph summary of a white paper and then a long registration form? Unfortunately, many white paper introductions fail to provide enough content to engage readers. Or, the registration form scares people away with 20 questions, such as "What is your budget?"

Mistake #2. On the flip side, how often do you see a white paper that is instantly displayed with the click of a link? While this provides immediate access for the reader, it fails to capture any lead information.

The ideal registration page contains substantial sample content before asking readers to trade their contact information for access. This strategy appeals equally to readers and businesses. Revisit the earlier premise: **When you provide value, you gain respect.**

This idea flows from the videogame market. Remember playing videogame demos that provided access to the first few levels? By first providing a good taste of the product, the hope is that people will want to buy the full game. The same strategy can be applied to white papers.

By providing a sufficient sample of the white paper, you:

• Increase the likelihood that people will complete the registration form;

• Improve lead quality—if people don't find the opening words relevant, they will never scroll down the page and see that there is a registration form at the bottom; and

• Create a content-rich page for search engines.

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5) www.writingwhitepapers.com/blog/2007/04/11/white-paper-revelations-should-surprise-marketers

6) Ibid.

When the registration form finally appears, this is the prime opportunity to ask readers if they want to opt into your email list in addition to receiving the white paper.

Thus, providing a compelling sample of the white paper improves the likelihood that people registering are truly interested and gives an opportunity for opt-in lists to grow.

Delivering the white paper

Today's "I want it now" culture dictates that you make people happy by providing what they want, when they want it. Need information? Google it.

Is it really wise, however, for marketing folks to satisfy people's desire for instant access?

M. Scott Peck, M.D. in *The Road Less Traveled*, describes delayed gratification as a sacrifice of present comforts for future gain. By *not* just giving people what they want, when they want it, you can actually improve your image, enhance your branding, and increase your sales.

Why?

Unlike at any other point in history, we can immediately access information. With this great accessibility comes information overload. With information overload comes poor retention. With poor retention comes weak branding results. And if no one remembers your brand, business stagnates.

As marketing guru John Reese explains, "People are becoming bored, numb and almost trance-like when it comes to navigating the vast amount of information that is freely available in today's networked society. But when there is the opportunity to look forward to something, it breaks the cycle. Anticipation has been a marketing weapon for years. The bottom line, 'anticipation' does one thing and does one thing well...IT INCREASES RESPONSE."

The common delivery mistake

Let's say you have some great information and have formatted it into a white paper. You are presumably presenting a sample of the content, as discussed earlier, and then asking people to do something to gain access to the rest.

Now here's the big mistake many marketers make: They simply send the requested information immediately after the form has been completed.

The logic goes like this: "I have captured my lead, and that's all I care about." There is, however, a much bigger marketing opportunity you may be overlooking. With immediate access after registration, you end up simply making a very quick impression on readers that is easily forgotten. Because the only post-registration touch point is the document itself, you are banking fully on the strength of your paper to do all of your selling.

If you could, wouldn't you rather have four or five touch points?
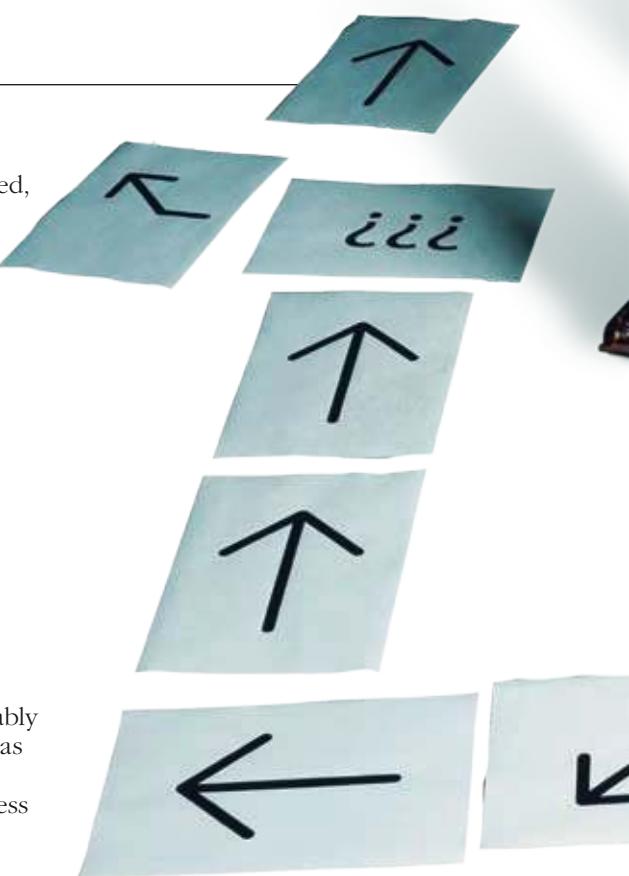
Delayed-response marketing

There are acceptable ways to get a few marketing messages delivered and improve your image—while maintaining your reader's interest. By slightly delaying the delivery of the white paper, you leverage the power of anticipation.

Here is the delayed-response marketing principle applied:

Touch point 1: the "thank you" page. After you receive the registration form, send the reader to a "thank you for registering" page. This is where you make your first pitch for some of your value-added services. You should also include the email address from which your document will be sent, so recipients can add it to their "white lists" (increasing delivery rates). See a sample here: *www.stelzner.com/copy-HowTo-thanks.html*

The benefits of delay

By *not* sending what readers want right away, you can:

- **Increase your name recognition.** Every time prospects read something from you, your name becomes etched in their brains. More touch points mean more chances to gain their business.

- **Establish a relationship.** By sending well-crafted messages, you begin the process of establishing trust with your prospect. These relationship-forming steps help transform you from an information dispenser to an advocate.

- **Increase your open rates.** Because readers are expecting an email from you, your "thank you" message and follow-up message will have very high open rates. This is the prime time to mention related products and services.

- **Improve the desire to read the document.** When the final document arrives, the reader will have been prepared for this great piece. The delayed gratification concept kicks in, and the reader will likely treat your work as special, devoting time to your useful resource.

This article exposes a few proven marketing strategies that revolve around white papers. If your business sells complex or costly products, white papers should be at the top of your list of marketing tools.

To learn more about marketing white papers, a great free resource can be found at *www.whitepapersource.com/ marketing*

TPM

Touch point 2: the "registration confirmation" email. Set up an autoresponder that immediately sends a "thank you" message to new registrants. This is where you can confirm receipt of the request and remind them that, "While you are waiting for our paper, you might be interested in this other information." You can link to some of your services, your blog, or other information.

Touch point 3: Send the content one hour later. Set up a delayed message that sends the requested document (or a link to a page that contains it) after an hour has passed. Be sure to again mention some of the other services you offer.

Touch point 4: the actual document. The white paper is the final touch point. By this time, the reader has been expecting your content and should be familiar with your company and brand.

Optional touch point: your newsletter. If you have a newsletter, it would be wise to add the option to subscribe to it on your registration form. Set up a three-day delay and send a special, prefabricated edition of your newsletter. This provides another opportunity to get your name in front of prospects and also provides valuable content to readers.

Michael Stelzner is the author of the bestselling book Writing White Papers: How to Capture Readers and Keep Them Engaged. *Michael has written white papers for many of the nation's largest businesses, including Microsoft, FedEx, HP, Motorola, SAP, and Monster. Subscribe to his 20,000-reader newsletter at www.writingwhitepapers.com/blog*
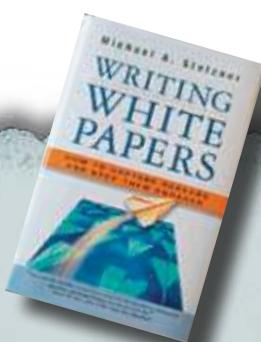
Seven Ways to Acquire and

By Joshua Horwitz

Does this sound like a typical scenario in your company? You get an S.O.S. email at 5:00 p.m., blasted out to 20 people asking for a customer willing to serve as a reference. Oh, and the salesperson needs to get the information to the prospect first thing in the morning. A chain of email continues until noon two days later, when the prospect finally receives the reference information. If only there was a better way.

Satisfied customers willing to serve as references for your new prospects often make the difference between winning and losing the sale. Getting and keeping those references, however, is a challenging and time-consuming job. While critical to the success of sales, this responsibility often falls into the lap of marketing and product management professionals who may not be as close to the individual customers as their sales representatives.

Implementing a seven-step customer reference program

There is a better way. These seven strategies help you avoid the stressful and unproductive customer reference scramble. Using this approach, you can systematically acquire and retain customer references that will help grow the company, increase the bottom line, and build credibility and brand equity.

1. **Ask for a reference.** It is vital to have a process and communications in place for Sales to ask customers to provide a reference, and then make it easy for Sales to nominate customers who agree.

Surprisingly, many companies simply don't ask customers to serve as references. Sometimes, sales representatives want to protect their customers by not asking for "favors." Other times, it's not top-of-mind or encouraged internally. Or there's no process in place to make asking for references easy and worthwhile.

In truth, customers are often the best spokespeople—even the best salespeople—a company has. Oftentimes, the customer is flattered to speak of his or her expertise and experience with your product.

Set up a consistent and easy process to make asking for the reference a top-of-mind and painless process for sales.

- Broach the subject by including reference language in the final negotiations of a deal.

- Designate a marketing specialist to work with sales representatives on opportunities to secure new references.

- Keep track of the sales representatives who contribute references, and make their contributions known to others.

Once Sales sees the value of customer references in influencing the next deal, the process gets better and better.

Retain Customer References

2. **Set proper expectations** with potential references at the outset—and then meet them. Let customers know how you intend to use the references. For example, will you use the reference in public relations activities with the media? Do you intend to use the customer's name and quotes on the website and in collateral materials? Or will the reference be asked to speak directly with future prospects?

Find out whether your customer's company has tight restrictions on public testimonials. As a general rule, you will have more luck with customer references if the customer contact doesn't have to go through elaborate internal approvals on his or her end. Often, getting approval to connect a customer with a peer is acceptable, and ensuring you don't overstep those preset boundaries can establish a successful, long-term relationship.

Setting expectations also applies to the situations in which you place your customers. Don't ask them to speak on a topic with which they aren't familiar. And always try to match the job level and subject expertise of the person with whom they'll be speaking. Putting customers in situations that aren't well aligned with their expectations can quickly lead to frustration and minimize the business benefits you hope to achieve.

3. **Avoid reference burnout.** You've worked hard to acquire these customer references, so don't scare them away by asking them to do too much for you. Know how much is "enough" by asking them in advance, and check back regularly to ensure that they are still happy to act as a reference for you. Implement a system for rotating and ranking references for the best fit with a prospect. For example, match a customer who has recently experienced

great troubleshooting and customer service with a prospect who has questions about your company's support.

By keeping track of which customers have participated in which activities and how this activity stacks up against reasonable thresholds, you'll be in a better position to communicate why a particular customer "needs a rest."

The other key to avoiding burnout situations is to make sure you have sufficient back-up resources. If you have only one customer willing to speak about your new product, you are heading for trouble. With some visibility into your portfolio of customer references, focus the company on nominating additional customers where they are most needed.

➡

4. Stay in contact with customers. Learn their business for the most relevant, up-to-date references. The best way to match the right reference for a prospect or for marketing purposes is to learn how your customers have implemented your product or are using your service. How happy are they? Have they bought subsequent products from you? Has your contact changed positions or left the company? There's nothing worse than serving up a customer reference who's just had a hiccup with your product. Have an efficient way to update information in a centralized place, and always ask the sales rep for last-minute updates just before using that customer as a reference.

It's also important to keep it personal. With numerous customers and a lot of activities happening at once, it can be hard to keep track of it all—but most of the time, a customer's willingness to be a reference is ultimately based on a relationship either with you or with other individuals in your organization. Keeping track of these relationships can go a long way toward creating success.

One often-overlooked angle is maintaining some visibility into customers who may be willing to serve as a reference, but for whatever reason, have not recently participated. You can track underused customers with some of the same methods previously mentioned. Find ways to reach out to these customers and either get them involved or let them know that they are still top of mind.

5. Centralize and have a champion for the corporate customer reference program. Customer reference efforts often fail because once you provide a reference and win a deal, it's time to move on—until the next scramble ensues. The problem can arise because no one owns customer references. Or because no one champions the need for a formalized reference program. Or because there is no central repository for reference information with notes about accounts and activities. Information often resides in individual spreadsheets and emails. A champion communicates and demonstrates the benefits of a formalized reference program. A champion also maintains the momentum of valuable reference activity.

Finding a champion often comes from a marketing or sales executive who understands the benefits and challenges associated with customer reference management. From Product Management to PR to Sales, effective customer reference management helps all facets of the organization, but it often takes a whisper in an executive's ear to get the ball rolling and formalize the effort.

6. Let customers know their references are appreciated. Just as you would thank a friend who gave you a gift, it is important to acknowledge the value your customer has given to you. Send handwritten thank-you notes. Find out what is important to that client and start there. It might be as simple as getting connected with a product manager to give feedback.

Get creative. Everyone likes to feel appreciated, and proper etiquette and timely follow up just might improve your customer satisfaction ratings, too.

7. Consider automating your customer reference program for a more effective, systematic approach to customer reference management. Although you can manage a customer reference program without sophisticated or pre-packaged technology solutions, as your organization grows, it becomes more difficult to manually track and manage the details, interactions, and activity with homegrown spreadsheets and processes. There are software solutions that can help keep all your reference program activities organized, productive, and moving in the right direction. If you have more than a few dozen customers or a fast-growing pipeline, it might make sense to evaluate some of the technology tools designed specifically to solve this challenge, streamline your program, and improve your results.

Customer references are often the "hot potato" between the sales, marketing, and account management areas of an organization. Done correctly, an effective customer reference program can help close sales faster, give your entire company more credibility, lead to more media coverage, and provide great marketing content. **TPM**

Joshua Horwitz worked in marketing for several software companies in the late 1990s and quickly learned many companies struggle when it comes to leveraging customer references during the sales cycle. In 2003, he founded Boulder Logic. 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.

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Add "Quick Hits" and (Finally) Address Those Priority 3 Enhancements

By Chloe Morrow

Woe to the minor enhancement request that gets tagged as a dreaded Priority 3 or nice-to-have feature during the prioritization phase of a project. All too often, it will get pushed into a future-release black hole—never to be seen again. These are not features that will win the big deal, leapfrog the competition, or get a sexy write-up in the product brochure. These are little tweaks your current customers would really like to have—and they can make the difference between a product that is good and a product that is great.

One of the challenges with minor enhancement requests is that they are *minor;* even your customers would agree their priority isn't as high as other, more important features. Accumulate enough of them, however, and you start to feel the impact—with a product that has usability issues and lacks polish. Companies will often wait to compile enough minor enhancements to create a single release. But if you wait too long, your customers' reaction might be "What took you so long?" rather than "Wow, great feature."

When I worked for a former employer, we struggled to find a way to address at least some small enhancement requests in each release—without cutting bigger, higher priority features. We developed an idea called "Quick Hits." For each release, we completed our standard process to define, refine, and negotiate the scope and timeline of the release with Development. Next, the product managers identified a pool of possible Quick Hit features to add. In our "contract" with Development, we agreed that these were features to be implemented at their discretion, as time permitted. Development wouldn't implement the features if it might affect the overall project schedule—and the product manager would accept the possibility that none of them might be implemented. We considered any Quick Hits that were implemented as bonus features.

I know what you're thinking: Your projects are often late and features always end up getting cut…how could there possibly be room for *bonus features* to be implemented? The reality is, unless you have the most efficient development team ever, there are pockets of time to be found in almost every project. There might be a small, two-day gap between the completion of one major feature and the start of another. Or you might find a bit of down time while a developer is waiting for another team member to finish something. These pockets of time are unpredictable, and probably not large enough for any major features to be implemented. But, if the developer has a list of Quick Hit features at the ready, they just might get one or two of them implemented.

Implementing any new process or strategy will only work if you have buy-in at the start from those involved. So sit down with the right people in your organization, talk about the challenges around your growing pool of nice-to-have features, and see if implementing a Quick Hit idea in your next project will work.

There are huge rewards to be gained when you include a handful of nice-to-have features in each release. Your current customers will see you as being responsive to their needs, your new customers will benefit from a product that has been fine-tuned using feedback from other customers, and you will make a dent in that future-release checklist! ➡
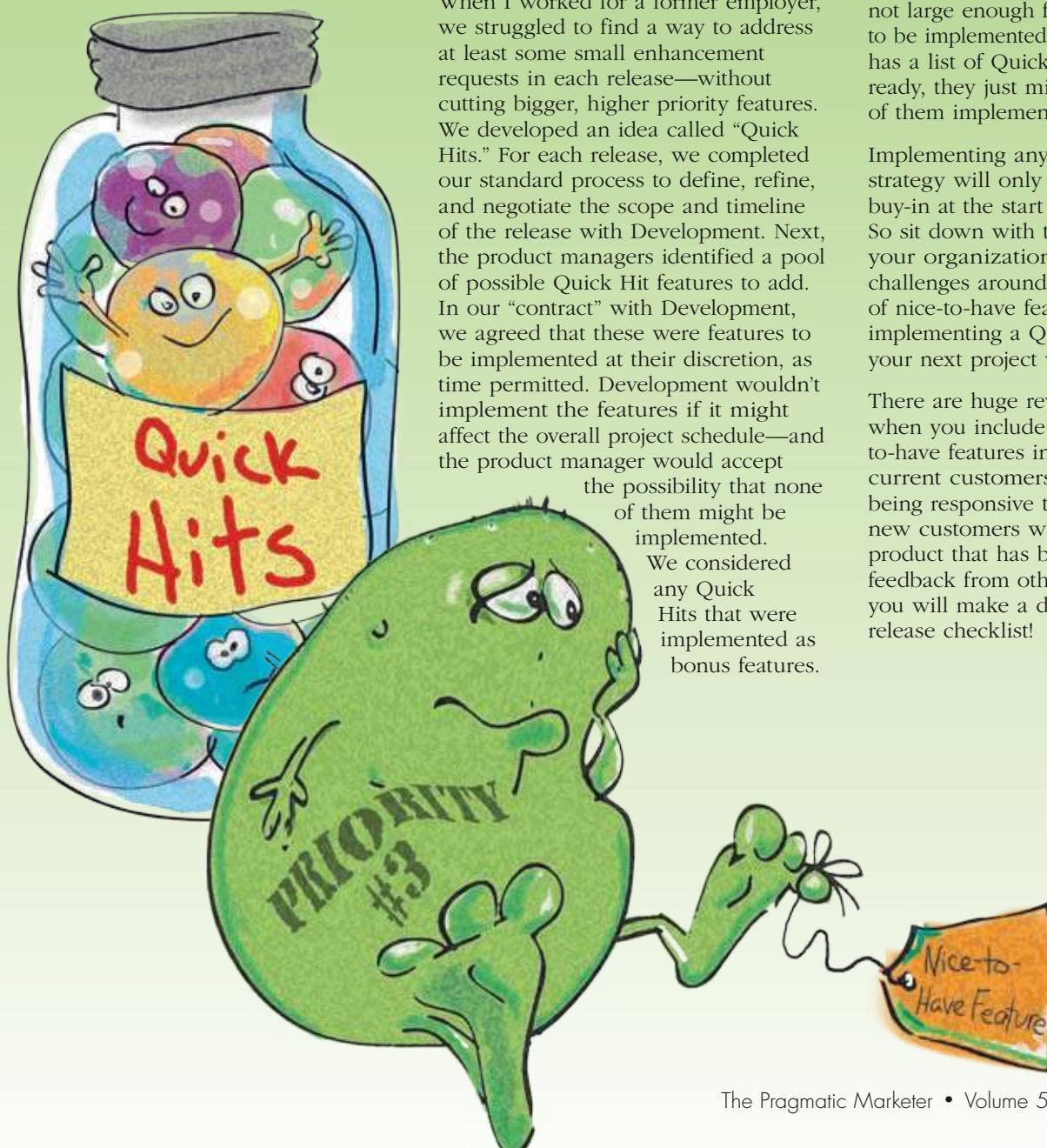
Quick Hit Checklist

This handy checklist helps you choose the Quick Hit features that will make this technique successful. Be sure to involve your development team in defining the appropriate criteria for your organization.

1. **Quick implementation time.** Quick Hit features should be small and able to be implemented rapidly. In our case, we set the bar at features requiring less than two days' effort. More often, they were features requiring two to four hours. If the product management team at your organization is not able to accurately select features that are quick to implement, consider involving your developers in the evaluation process.

2. **Light requirements effort.** To give your development team maximum flexibility, provide a long list of possible Quick Hits. Only a fraction may be implemented, so you don't want to waste time writing long requirements documents for features that will never be implemented. Ideally, these are features you can describe in a couple of sentences or for which you can quickly write details if a developer finds extra time.

3. **Low impact on the rest of your development organization.** Since you don't know whether or not these features will be implemented, ensure that other teams (such as QA or documentation) won't be forced to scramble if something doesn't get done.

4. **Related to code being changed anyway.** Ideally, your Quick Hit features should be related to aspects of your product on which you are currently working. If the developer already has the code for module X checked out and is making changes related to one of your major project features, it may be a perfect chance to make a small change to address one of your Quick Hit features as well. This will also help your QA team, since (presumably) this was a product area they would already be testing.

5. **Have enough on your list, but not too many.** In addition to picking the right features, ensure you have the right quantity of Quick Hit features identified. You don't want to select so many that the list is overwhelming, but you do want to ensure you have enough so your developer or project manager has flexibility in choosing a feature based on the amount of time available and within the application area where they are already working. Also be sure you have a selection of Quick Hits for each developer or development team.

6. **It's not a must-have feature.** The last, but *most important,* element in deciding whether a feature is a good Quick Hit is whether you, as the product manager, can live without it. Remember, these are features that wouldn't otherwise have made the cut for the release. If your feature is a must have for the release, no matter how small, it needs to be scheduled into your standard release process. **TPM**

Chloe Morrow has over 10 years experience in software organizations, leading both product management and development teams. She is currently the VP of Operations at IDELIX Software where she helped the company to redefine its strategic direction and brought a new product to market. Prior to that she was a Senior Product Director at WebCT, leading their product management team through four major product releases and helping the organization strengthen its position as a market leader in the e-learning space. You can reach Chloe at chloe.morrow@gmail.com

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