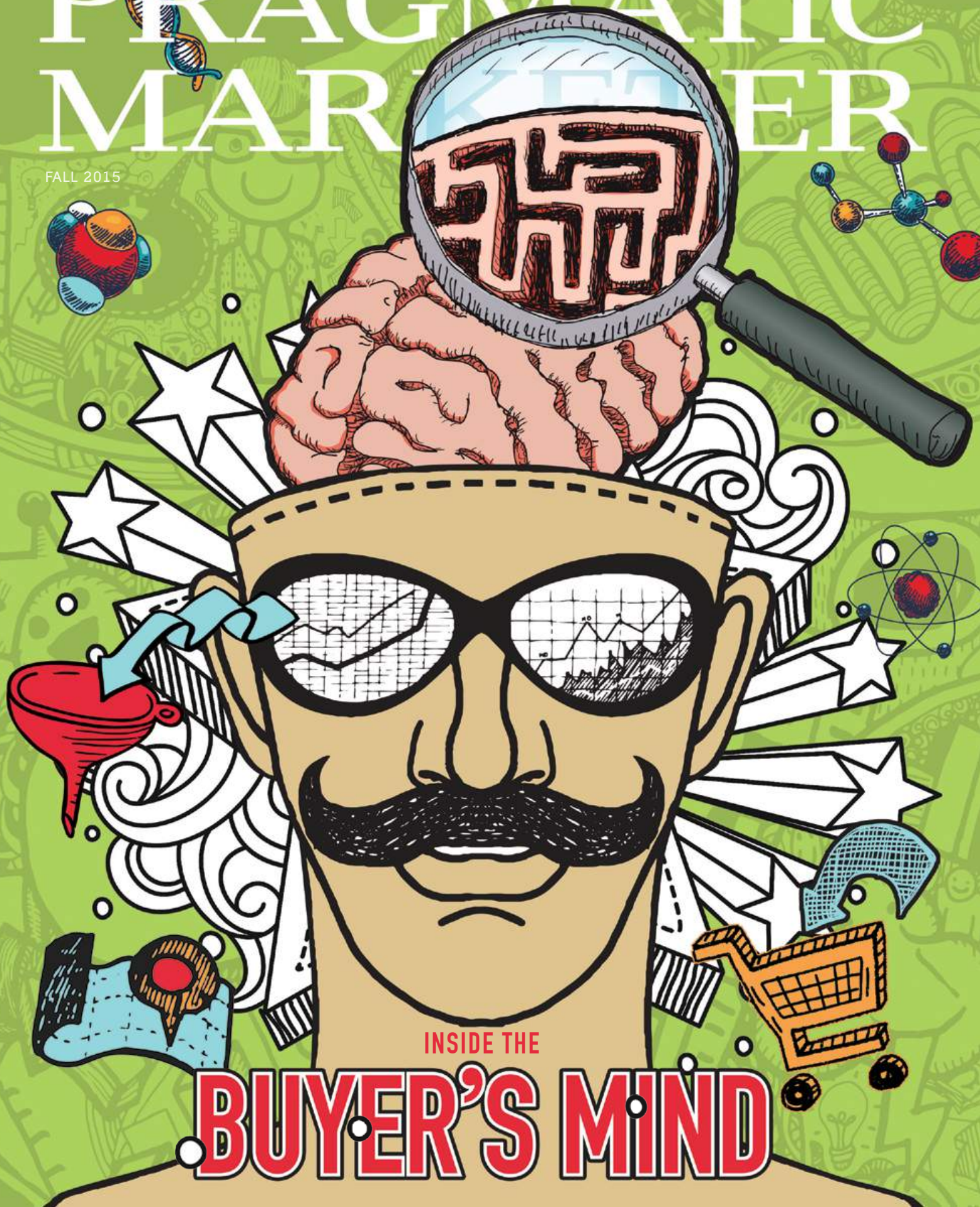


THE PRODUCT MANAGEMENT AND MARKETING AUTHORITY

PRAGMATIC MARKETER

FALL 2015



INSIDE THE

BUYER'S MIND

INSIDE THE BUYER'S MIND

I COME FROM A LONG LINE OF GAME PLAYERS—card games, board games, word games, it doesn't matter. We play them all. When I was growing up, the neighborhood kids would often come over and join our family game nights.

There was one rule that held true throughout my entire childhood: You do not want to get matched up against Brian and Jay in Taboo (or any game where one team member gives clues for the other to guess). They had been best friends for so long, knew each other so well, that one word and a slight voice inclination could have them guessing anything from "flat" to "concubine." They communicated so much, so succinctly, that they were simply unbeatable.

Imagine if you knew your buyers that well. Knew their cares and worries, their inside jokes and their own secret language. How different—how much more effective—would your marketing be? Ultimately, how much more profitable would your products be?

There's no question that your level of understanding of your buyers directly relates to the success of your sales and marketing programs. In this issue of *Pragmatic Marketer* we provide a whole set of articles designed to help you improve that understanding through tools and techniques like personas, win-loss calls, advisory boards and so much more.

So grab a cup of coffee and get ready to delve into the minds of your buyers. And if you've got something on your mind, shoot us an email at editor@pragmaticmarketing.com. We're always eager to hear from our readers.



Happy reading,

Rebecca Kalogeris
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PRAGMATIC MARKETER

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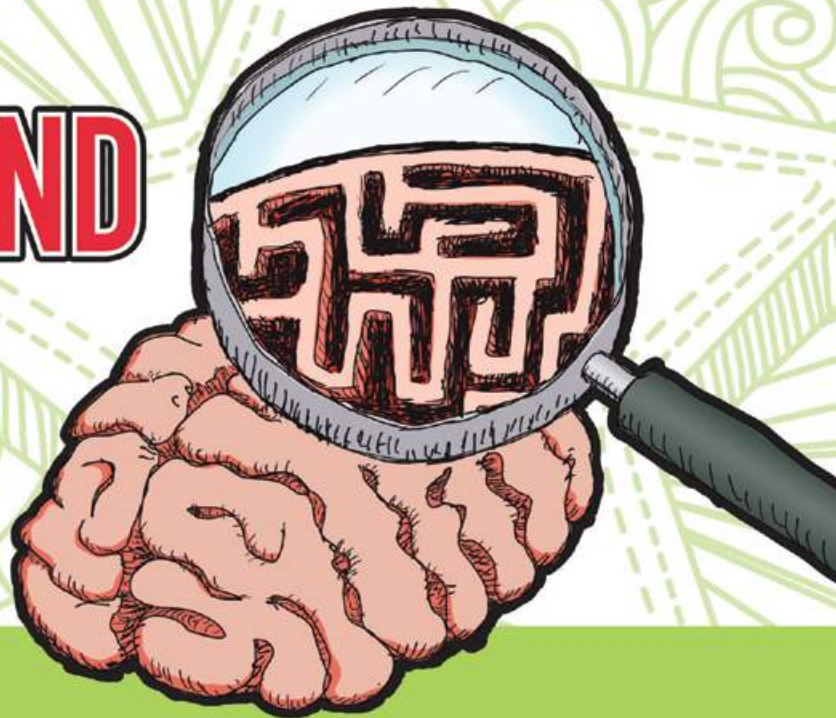
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INSIDE THE

BUYER'S MIND

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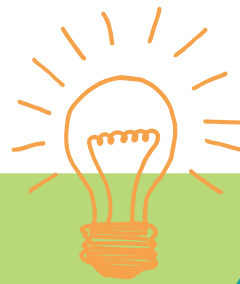
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Q&A



Jeff Zimmerman
senior vice president of product management and marketing at Clearent, a credit-card processing company



Q: How did you become a product manager?

A: After college, I started out in investment banking, where I focused on technology companies and became fascinated by the industry. I left investment banking to join a software company that had just gone public and worked in the finance group as an in-house investment banker. I was communicating with outside investors about our strategy and products without having any input. I knew I wanted to be involved in strategy and the products we created.

I got my MBA with the idea of moving into the strategic side. During the summer, I did a product management internship at Intuit and fell in love with it. After graduation, I returned to Intuit and spent six years there in product management; that's really where I got my basic training.

Q: How did you move into product marketing?

A: When I first joined Clearent, we were a very small company. I was responsible for product management and also worked with marketing. About a year in, the CEO said, "It makes more sense for you to take over marketing as well, Jeff."

Q: Is the role of product management what you expected?

A: At a high level, it is what I expected: determining what products customers need and then working to deliver those products. One part I didn't realize going in is how you interface with so many different aspects of the company. You have all these different touch points and skills to deal with; you're not just thinking about product features.



Be flexible. One day, you're talking super high level, and later that same day, you could be down in the specific details of requirements.

You also need to be flexible. One day, you're talking super high-level and later that same day, you could be down in the specific details of requirements. You must be able to talk about the overall company, strategy and positioning, which is pretty high-level thinking. Then you need to be able to get down in the weeds of a given feature and ask what specific customer problem you're solving and what requirements to hand over to development to ensure that the feature works well.

Q: What does your daily role involve?

A: I'm at a company that's growing very quickly. I have to develop the folks on my team and build out my team to make sure we're set up to support the goals of the company.

You have to pick the right people for your team, which is very, very difficult; it's probably the hardest part of my job. You need the right fit for a specific skill and for company culture.

I strive to be a manager who helps my team set high-level goals and gives them the autonomy to run with it, but who is also there to coach and guide them along the way. When I first came here, I was the only product manager and could get away with being less formal. Now that we have multiple people and a larger development team, we have to become more formal, more consistent with how we do things.

Q: How do you get into the minds of your buyers?

A: Ideally, you spend time with the end customer; observing them in their own environment is the best way. Phone calls also work, and we get a lot of inbounds. We read Web inquiries, as it's helpful to see what they write in their own words and note what terminology they use.

One advantage I have is that our end customers are the small- to medium-sized businesses that we frequent all the time, like retailers, restaurants, car dealers, beauty salons. If I meet a baker and see that they have what looks like some new point-of-sale system, I'll ask, "Hey, what is that point of sale?"



Why did you pick it? How is it working for you?" I have those conversations in my daily life. It drives my wife crazy, but those opportunities are in front of you—depending on your industry—all the time. You can pull together your own customer visits, phone calls, focus groups without having to spend huge dollars.

Q: Do you have any advice for someone who wants to move into product management?

A: First, talk to a bunch of product managers to find out what you like and don't like. What people call a "product manager" can mean different things to different industries and different companies.

Second, if you're making a career transition, it can be helpful to remain in your industry or even in your company, as you can bring subject-matter expertise to the role. Talk to someone at your company about transitioning into product management, or see if you can do it on a project basis to try it out and determine if you like it or not.

Also, attend ProductCamps to meet other product managers. It's good networking and you might uncover an opportunity. Look for smaller companies, especially at tech startups, where the founder is ready to turn over the product management reins and start acting as CEO. They need someone who wears the product management hat, and specifically someone who can wear multiple hats.

TRAVEL TIPS FOR ROAD WARRIORS

Top 10 Airport Eateries for a Taste of Local Flavor

Airlines have limited their in-flight snack and meal options. The good news is that more airports around the world have upped their game to fill this void. Offering everything from five-course dinners to regional delicacies, Cheapflights.com's top 10 eateries bring the best of the local food—and drink—scene to the airport.

Legal Sea Foods, Logan International Airport, Boston, Massachusetts

Legal Sea Foods offers award-winning clam chowder and the option to buy live lobsters packaged for travel. Terminal C.

Plane Food, Heathrow Airport, London, England

Enjoy a proper sit-down meal of traditional English fare or order off the Express menu and be fed, watered and ready to board your flight within 35 minutes. No time to sit? A Plane Food Picnic is the perfect solution. Owned by celebrity chef Gordon Ramsay. Terminal 5.



Airbräu Brauhaus, Munich Airport, Germany

Layovers are more palatable when you can relax in an outdoor beer garden that also serves up local fare such as Bavarian sausage and warm pretzels. This is Europe's only airport restaurant to feature an onsite brewery. Terminal 1.

The Salt Lick Bar-B-Que, Austin-Bergstrom International Airport, Texas

Fuel your morning with something different: a breakfast taco made with eggs, brisket and BBQ sauce. Gate 10, post security.

Rogue Ales & Spirits, Portland International Airport, Oregon

Rogue Ales & Spirits combines two of Oregon's well-known treats: Voodoo Doughnuts and craft beer. Choose from innovative selections like Voodoo Doughnut Bacon Maple Ale and Voodoo Doughnut Pretzel, Raspberry and Chocolate Ale. Concourse D.

Farmers Market, Los Angeles International Airport, California

Want a healthy snack? Choose from fresh veggies, local wine, coffee and sweets from the Original Farmers Market's vendors. Terminal 5.



Bubbles Seafood & Wine Bar, Amsterdam Airport Schiphol, Netherlands

This upscale bar offers more than a dozen champagnes. The dining area is surrounded by a saltwater aquarium, luxe raw bar and even a casino. Dine on traditional fare like raw herring served with bread and onions. Lounge 1.

Garrett Popcorn, Chicago O'Hare International Airport, Illinois

This famous popcorn shop is an Oprah favorite and Chi-Town staple. Ask for a sampling of their best sellers to help you decide. Terminal 1.

Imperial Treasure, Singapore Changi Airport, Singapore

Dine on traditional Cantonese and Shanghai cuisine such as braised shark fin with bamboo pith and seafood, just one of the delicacies you'll find at Imperial Treasure, located at the Crowne Plaza Hotel, which connects to Terminal 3.

California Vintages Wine Bar, Palm Springs International Airport, California

Grab a seat in the outdoor courtyard of this sleek wine bar and choose from a selection of wines, the majority of which are made from California grapes.



THE SCIENCE OF

WIN-LOSS

Based on survey results from Primary Intelligence's 2014 *State of Win-Loss Report*. The research was conducted from March to October 2014. Data was collected from 5,400 individuals.



RESPONDENTS' TITLES

80%

are mid-level managers, directors or employees

20%

are senior executives, vice presidents or board members

USAGE



69%

use win-loss to identify sales weaknesses



17%

use it to measure marketing effectiveness



WIN RATES

MORE THAN

40%

of software solution and business services companies report win rates of

MORE THAN

50%

within their competitive opportunities

64% PERFORM WIN-LOSS VIA THE TELEPHONE

BUDGET

31% OF ALL RESPONDENTS HAVE

\$25K
or less annual win-loss budget

20% of those who use external win-loss providers are spending \$50-100K



MORE THAN 50% OF RESPONDENTS HAD AVERAGE DEAL SIZES IN THE \$1M+ RANGE

WHO'S DOING IT?

34%



External third party

33%



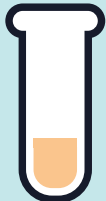
Sales rep

32%



Sales operations/support

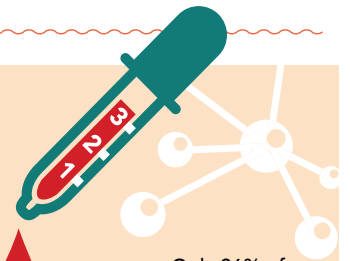
25%



Marketing

Respondents were asked to select all parties involved in their win-loss efforts.

Dedicated win-loss analysis resource, team or department	22%
Voice of the customer or customer satisfaction/loyalty group	17%
Market research group	14%
Product management	7%
Other	6%



36%

Only 36% of respondents have had win-loss efforts in place for 3 or more years



Ask the Experts:

Who is accountable for product defects?

IN MY EXPERIENCE, “DEFECTS” ACTUALLY fall into two categories. The first group represents things that work exactly as we designed them to work, but that people feel don’t work correctly. In other words, they aren’t broken, they just aren’t very good. These actually aren’t defects at all; they are poorly designed features. They should be captured and added to the list of things we need to do. Whoever owns the “to-do” lists (enhancements, new ideas, product roadmap) should add these improvements to the list. Generally, that’s product management. Those items need to be analyzed, reviewed and prioritized along with everything else on the list.

The second kind of defect is one where the product doesn’t work as designed. In other words, it is broken. If it adds a column of numbers and gets the wrong result, that is a defect. In those cases, these items shouldn’t have to get in line or be analyzed or prioritized. They should be fixed. Development should own these, assess how the defect happened and fix it as soon as possible. Once that’s completed, product management should be involved in deciding when to deliver a fix to the market.

One more comment: If the second type of defect is a common occurrence, it could be a quality issue. Usually, quality is a policy issue, a function of management policy and standards. Some companies have a zero defect policy, resulting in high-cost—and sometimes much slower—development processes. Others choose lower costs or quicker delivery as a policy objective, sometimes resulting in quality issues. Should you start to see a growing number of defects, it may be time to look more closely at your policies. **PM**



Rich Nutinsky, instructor
Pragmatic Marketing



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GAIN THE HOUSE ADVANTAGE:

THE BENEFITS OF MAPPING YOUR BUYER'S JOURNEY

BY
JUSTIN TOPLIFF

YOU'RE NOT COMMUNICATING IF YOU'RE marketing to someone you don't know. And in today's marketing world, it's easy to get caught up in tactics, things like content generation, social media, nurture campaigns, public relations and more. But if you're marketing to a buyer you don't know, none of these tactics will communicate (let alone resonate) with your prospect.

Buyers have radically changed their buying behavior. Information balances have shifted; vendors no longer own information, word-of-mouth travels like fire and buyers are highly educated. More than half of the buying process is now conducted without the help of a sales rep. In fact, many buyers consider sales reps unnecessary.

Changes in the buying process have also driven change in how companies market. Demand generation, inbound marketing and content marketing didn't exist a decade ago. They didn't need to. All of this makes it more critical to map buyer journeys to ensure coordinated, effective sales and marketing.

Mapping the buyer's journey is no easy task. However, the benefits pay dividends. Mapping yields an understanding of the steps and timeline associated with your buyer's decision process. Capturing these key actions, from start to finish, helps

you recognize the questions buyers ask themselves along the journey. This allows you to deliver the perfect message at the perfect time, overcoming objections before your buyer has a chance to bring them up. It's like cheating at a game. If you know the player's next move, there's no reason why you can't win.

The main goal of mapping your buyer's journey is to gain a deeper understanding of what goes through your buyer's head in each stage of the funnel. To do this, you need to examine four areas.

- **How many phases are in your funnel?** What are they? Each is a milestone toward turning a prospect into a customer via a purchase. You can't beat the house if you don't know how many cards are in the deck.

- **What are the key actions the buyer takes in each phase?** What are they doing in each stage? What are they thinking? Without knowing that, you can't deliver the right message at the right time to move the buyer into the next stage.

- **What are the questions and objections in each stage?**

To influence buyers to move into the next stage, you must get inside their heads. What questions are they asking themselves? Who is the ultimate decision-maker? What questions is the decision-maker asking? Your content and messaging should be aligned with the needs and objectives of your buyer in each stage.

WORD-OF-MOUTH
TRAVELS LIKE FIRE



KNOW HOW MANY PHASES
ARE IN YOUR FUNNEL





OUR BUYER'S PROCESS

- **What are the graduation criteria for each stage of your funnel?** What actions do buyers take that signal they're moving into the next stage of purchase? What actions trigger new needs that require you to deliver more answers?

Defining buyer stages and the key actions, questions, objections and graduation criteria for each will help you write a winning playbook. You'll have a deeper understanding of the buyer's journey, resulting in improved conversations with buyers, better branding and timely marketing campaigns specific to buyer groups. In short, you will hold all the cards.

But in order to win, you must put it into practice. Take action to discover your buyer's process and stay ahead of changes within it. Research your buyer voraciously. Surveys aren't enough. You must gain a deeper understanding through qualitative research. Aim for four customer interviews per month, per product. Take your qualitative findings and match them to quantitative data to form buyer personas. Share these with your sales team to help them engage more effectively with buyers and use it to audit your marketing content and timing.

Once you map your buyer's journey and audit your materials, make it an annual habit. If you don't update your strategy annually, chances are you're falling behind. Purchasing decisions evolve. New hurdles can arise from changes in policies, processes and technology. Who makes purchasing decisions, how they are made or why they are made can change. Without a clear definition of the buyer's journey, your marketing plan is a guess. Yet even with a clear definition, the buyer

KNOW THE QUESTIONS AND OBJECTIONS AT EACH STAGE



journey can change faster than your marketing adapts. Remain vigilant.

Marketing and selling alongside awareness and understanding of your buyer's journey is a beautiful world of conversions. You find new ways to generate leads and nurture them over the course of the journey. You develop multichannel content strategies that deliver the right message at the right time to properly nurture buyers. Sales has better conversations, resulting in higher conversions. And you constantly discover new buying activities and create tools to satisfy them. Mapping your buyer's journey gives you the knowledge to have the house advantage. Be the casino, not the gambler. [PM](#)

ABOUT THE AUTHOR

Justin Topliff is a product marketing manager at Infusionsoft, where he leads customer research, marketing efforts and new-product launches. He is also the founder of ProductMarketingSummit.com. Launching later this year, the summit will disseminate free knowledge from more than 40 of tech's top product marketers. Contact Justin at justin.topliff@gmail.com.

KNOW WHAT THEY ARE DOING AT EACH STAGE



5 RED FLAGS THAT INDICATE YOU NEED TO MAP YOUR BUYER'S JOURNEY

- 1 **You're struggling to find and produce leads.** If you don't know where to look for leads, there's a good chance you don't understand your buyer. No target market? Big problem. Not defining your target customer is a crippling blow to the total ROI of your marketing.
- 2 **Your message doesn't resonate with buyers.** Even if you know where to find leads, if the story you're telling isn't hooking them, are you sure you're marketing to the right buyer?
- 3 **You're unable to identify the distinct stages of your funnel.** Knowing what information a buyer needs during each stage ensures the right message gets delivered at the right time. Define each stage of your funnel and the criteria that graduates prospects into the next stage.
- 4 **Prospects who enter your funnel don't buy.** This is a sure sign that you're delivering the wrong message at the wrong time or whiffing altogether. Do you know the attitudes, beliefs and perceptions of your buyer?
- 5 **You don't know why customers buy.** This is scarier than not knowing why prospects don't buy. It's indicative that you don't understand the key strengths of your product. And if that's the case, it's amazing your marketing has yielded any customers at all.



WHY ADVISORY BOARDS MATTER

BY ROB JENSEN

CUSTOMER ADVISORY BOARDS (CABS) are one of the most effective methods for delving into the minds of your customers to gather insight and feedback into your current and planned offerings. You can formally engage and solicit input from existing customers while getting an insider's view of what your target buyer needs from—and how they actually use—your products. An added bonus? A well-run CAB may even generate income for your company.

But it takes time to plan and launch a successful CAB. The goal is not to convince customers that your company is amazing; the goal is to use participating customers as your brain trust so that you can understand how best to

serve them, and by extension how to serve your larger customer base.

WHAT IS A CUSTOMER ADVISORY BOARD?

Also known as customer advisory councils, CABS are forums composed of a cross-section of clients that are designed to review industry trends, address mutual challenges and opportunities, and offer unvarnished insights and guidance to you, the host company. These councils are ideal for B2B vendors to validate corporate strategies, gather input on product development and deepen relationships with key accounts. Participating customers also have a lot to gain: They

can influence product roadmaps, acquire best practices from peers, interact with executive management, help solve shared business challenges and much more.

Customers that believe they are providing valuable input and guidance to your company are more likely to purchase new versions or be the first to try new products. This is especially true if they've had some influence on product development. In fact, advisory boards serve as a great platform for securing beta testers for your new offerings, helping introduce solutions and providing immediate market validation.

The top benefit host companies derive from CABs, according to a recent survey of CAB practitioners, is product and solution direction (77 percent). Other top business benefits include strategic company direction (63 percent), market insight and intelligence (50 percent), and branding and positioning feedback (50 percent).

Recent data also indicates that B2B host companies enjoy a 9 percent increase in new business among their CAB membership after one year. They also benefit from a 95 percent retention rate among participants. Finally, CAB member participation in reference programs, testimonials and thought-leadership efforts is 57 percent higher than among non-members.

These facts and figures can translate into significant incremental revenue amounts for host companies and often can self-fund a customer advisory program. But while these examples illustrate what can go right with a well-run CAB program, we've also witnessed things that go wrong.

For example, one executive went off-plan and presented his company's standard investor-relations presentation. Attendees actually interrupted him and asked that he engage with them on the guidance he had originally requested. A different C-level executive used his introductory comments to talk ad nauseam about his yoga class; his attending direct reports were powerless to stop him. In another instance, a CAB member who was a huge customer of the host company insisted on bringing five additional colleagues to the meeting, then demanded a window-view seat for each.

Perhaps the coup de grâce was the company that held its CAB social event at a gun range and offered members an array of high-powered weapons to shoot at will. They didn't provide any instructions or take any safety precautions, and they hosted a full open bar. Fortunately, no one was injured.

These extreme examples illustrate how CAB programs can quickly go off-track, but they drive home the point that, to be successful, programs must be properly established, resourced and directed. Because Ignite has overseen hundreds of CAB engagements for the last decade, we've developed advice for companies that want to initiate—or improve—a CAB program.

Allow enough planning time. We are often approached by companies that want to implement a CAB program and expect the initial meeting to occur a couple months from when they first talk to us. However, establishing a solid CAB program and preparing for the initial face-to-face meeting requires taking the proper steps. These include designing the CAB and creating a charter, defining membership criteria and recruitment, developing the agenda and meeting materials, preparing for the face-to-face meeting and much more. To properly complete these steps, we recommend a planning timeline of at least six months. Accelerating these processes may force companies to skip crucial steps, creating a rushed feeling and an inferior overall program.

Follow a content-creation process. Sometimes, companies will create a CAB meeting agenda that they *think* will interest members, without asking them or soliciting input from other key internal stakeholders. We advocate using a proven content-creation process which first engages internal subject-matter experts to create a discussion guide of potential top-of-mind topics. That discussion guide is then reviewed by CAB members through individual interviews, typically conducted over the phone. Next, an executive summary report of these interviews is created to drive the meeting agenda and content and ensure the meeting is member-driven. Session leaders should also rely on this input when creating their meeting content, which should be designed to address member—not

Customers that believe they are providing input and guidance to your company are more likely to purchase.



One of the essential reasons CABs fail is that host companies put their company agenda before the desires of the CAB members.

company—desires. Again, skipping or rushing these steps will only create a weaker meeting.

Ensure your program is interactive. Too many companies treat CAB meetings as opportunities to present already-finalized corporate presentations, or worse, treat them as product demo or sales opportunities. One of the essential reasons CABs fail is that host companies put their company agenda before the desires of the CAB members. After all, successful advisory programs are not one-way conversations from the vendor to participants. Members are there to be engaged, provide real input to the company and learn from each other. At Ignite, we recommend the 80/20 Rule: Members talk 80 percent of the time; host companies talk only 20 percent of the time.

Expertly facilitate the meeting. We've seen too many corporations rely on well-meaning but inexperienced internal folks who don't manage the meeting well, keep the conversation too focused on the host company, can't control internal executive demands or actions, and disappoint members. Would *you* want to interrupt your CEO when he's speaking in front of customers? Talk about a potential career-limiting decision.

Experienced third-party CAB facilitation ensures the meeting will be conducted for maximum member engagement and overall meeting success. In addition, expert facilitators can introduce innovative games that make gathering information more insightful and stimulating for everyone involved.

Turn meeting insights into action. CAB members provide an abundance of valuable input and guidance to the host company. It's critical that this feedback is accurately captured and translated into significant action items. These actions should be communicated back to the members, and they need to see proof of progress on those action items delivered in subsequent meetings.

CABs also present golden opportunities for member-driven thought leadership (whitepapers, case studies, press releases, videos, speaking engagements, etc.) that benefit everyone involved. Members will be disappointed if they don't recognize that their valuable input and time invested leads to material action by—or changes within—host companies.

Getting these five fundamentals right will ensure your program covers the basic essentials and puts you on the path to success. Then you can address other aspects to establish an even more successful CAB, such as establishing a proper CAB program type, aligning internal stakeholders, measuring success and maintaining ongoing engagement.

Using CABs to engage customers is an excellent way for product managers and marketers to gather input for their product roadmap and overall business strategies. A well-run customer advisory council will provide your organization with material guidance that can put your company on a better, more targeted and profitable track for years to come. **PM**



ABOUT THE AUTHOR

Rob Jensen is vice president of marketing for Ignite Advisory Group (www.igniteag.com), a consultancy that helps B2B companies manage their customer and partner advisory board programs. Rob has more than 20 years of experience in marketing, communications and business development leadership positions with leading enterprise software and technology companies. Contact him at rob.jensen@igniteag.com.





THE WIN-LOSS WITCH HUNT

BY
MELISSA
SHORT

ONE OF OUR CLIENTS RECENTLY CONCLUDED A WIN-LOSS program. Because the sales team wasn't fully on board with the idea, the team readily submitted wins for review but declined to share losses. They held the most basic and prevalent sales concerns about win-loss analysis: Who will see the results, and how will they use the information? Left unanswered, these questions tend to prompt resistance to win-loss programs. In the case of our client, the sales team resisted by submitting only their best performances for review. This compromised the validity of results and left our client with an unbalanced dataset that couldn't accurately speak to its strengths and weaknesses, much less its competitive positioning.

Even win-loss programs with the best of intentions can experience reluctance from sales teams. The aim of our client's program was anything but a witch hunt: They viewed their win-loss program as a tool for improvement, not a means to identify weak links. The program leaders had established exactly what kind of information would be shared, how results would be disseminated and who would have access to the findings. They also had implemented measures to remove negative feedback that singled out a sales representative.

Unfortunately, the program leaders committed a common yet impactful error. They did not openly share this information

with their sales team or provide an opportunity for that team to ask questions about win-loss interviewing.

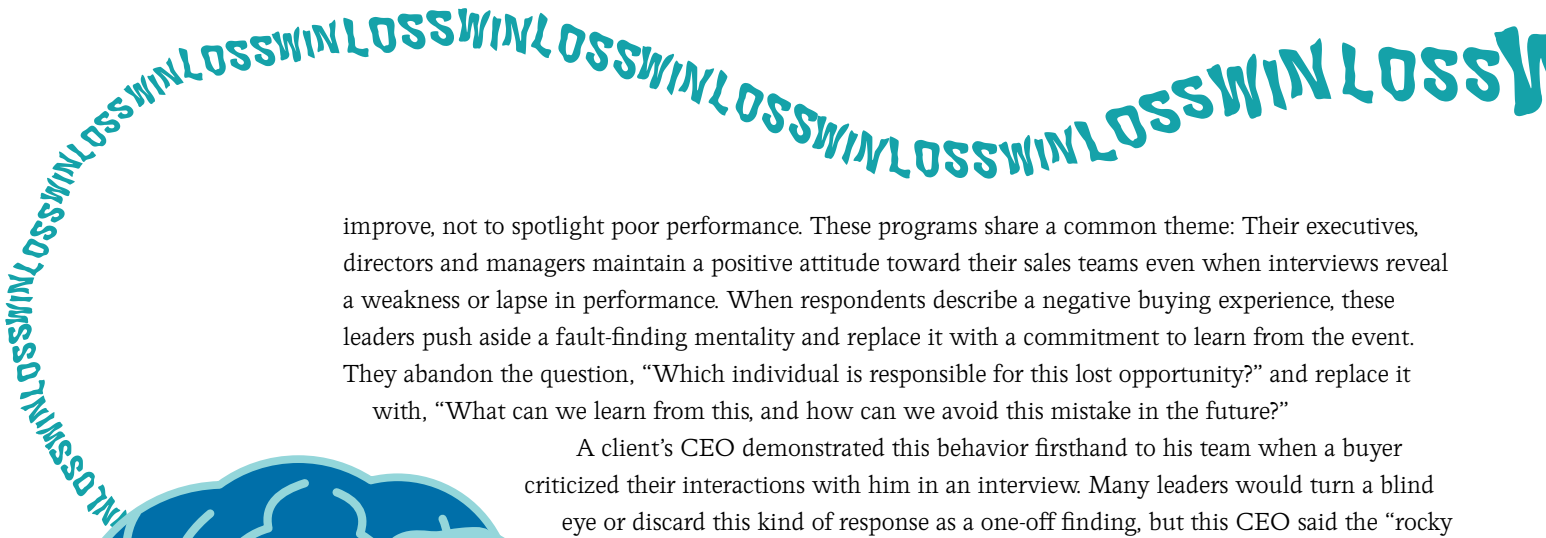
The lesson from this client's experience is two-fold:

1. Sales teams need to trust the methods of collecting and sharing win-loss findings
2. They also need to recognize the value they stand to gain from win-loss analysis

Once our client addressed these areas, their program improved significantly. Their sales team no longer hesitated to submit opportunities for review; they began asking to have their deals reviewed. And, sales representatives were among the first to read interview transcripts and spark a discussion about the findings. With enthusiastic backing of the process, program leaders could shift their focus away from managing the process and spend more time analyzing the data and helping their organization respond to the findings. This level of interest may seem difficult to achieve, but there are easy steps you can follow to help the process.

SET A POSITIVE TONE

Clients that see the strongest ROIs in revenue and sales performance approach win-loss interviewing as a way to



improve, not to spotlight poor performance. These programs share a common theme: Their executives, directors and managers maintain a positive attitude toward their sales teams even when interviews reveal a weakness or lapse in performance. When respondents describe a negative buying experience, these leaders push aside a fault-finding mentality and replace it with a commitment to learn from the event. They abandon the question, “Which individual is responsible for this lost opportunity?” and replace it with, “What can we learn from this, and how can we avoid this mistake in the future?”

A client’s CEO demonstrated this behavior firsthand to his team when a buyer criticized their interactions with him in an interview. Many leaders would turn a blind eye or discard this kind of response as a one-off finding, but this CEO said the “rocky feedback” was his cue to change the relationship with his buyer. His constructive response not only helped save the account, but also gave his company an example to follow. The CEO summed up his perspective, saying, “If you did something great and you got some accolades [in a buyer interview], good for you. If you did something bad . . . well okay, let’s learn together.” Instead of trapping his team into repeating mistakes, this firm’s CEO took the first step to creating a competitive advantage by interpreting a rough patch as an opportunity.

Your response to negative feedback is the crux of your win-loss program. Without a focus on learning and improvement, negative feedback is simply negative feedback. It will weigh your team down. But your sales team will eagerly engage in win-loss analysis if they understand how the process will aid their success rather than obstructing it. Just like the CEO, you become a safety net for your sales team when your positive attitude and interest in learning are a predictable response to difficult buyer feedback. And when your sales reps are confident that even their bad days won’t be subject to harsh criticism, their outlook on win-loss interviewing will shift from defensive to receptive. This receptiveness allows your team to act on buyer feedback and accelerates their success—and yours.

MANAGE NEGATIVE FEEDBACK

“I think we have become pretty adept at getting our people to realize that even though the feedback may be humbling, or even, at times, embarrassing, nobody gets punished for it . . . We always derive something valuable from it.”
— vice president of marketing, consulting firm

One of the most sensitive topics in win-loss analysis is how to handle harsh or non-constructive comments gathered in phone interviews. Open-ended discussions often reveal the most actionable intelligence and allow respondents to critique a buying experience or sales representative. However, when a respondent’s feedback ceases to be constructive and becomes overly critical, it’s time to act. A best practice is to remove fault-finding comments that target a specific person or group unfairly or in excess before circulating to a larger audience. When filtering out harsh feedback, ask:

- Does it name or isolate a single person?
- Is it personal? (“I just didn’t like the sales representative.”)





- Is it easy to identify whom the respondent is referring to?
- Would sharing this information have a negative impact on this person's reputation?

If you've answered yes to any of these questions, remove these statements from the interview transcript. If you're unsure, consider how sharing this information would impact your efforts to set a positive tone. Then err on the side of caution. Attributing blame or ostracizing poor performance will be counterproductive to your win-loss program and to the morale of your sales force. Keep in mind, there is usually a back-story that prompts unfavorable feedback. Instead of pointing fingers either at your representative or customer, approach the situation by asking, "What could we do to avoid that perception in the future?"

OBJECTIVELY APPROACH THE FINDINGS

As you collect win-loss interviews, help your team look at the findings objectively by adopting an outsider's view. Avoid projecting your own take on it and accept feedback without becoming defensive. Both practices are essential to assimilate findings and scale intelligence for a larger audience.

It's not uncommon for buyers to provide feedback that isn't quite accurate about a vendor's sales process, product or company. For example, one client's buyer indicated that a sales representative didn't present a certain solution feature, when in fact they did. Since this feedback negatively skewed the dataset, our client wanted to exclude this interview from their mid-year win-loss summary. Unfortunately, programs that throw out discrepancies without proper attention lose valuable customer insight. And they ignore one of the most important lessons of win-loss analysis: Your customer's opinion matters. Customers will make the decision to buy or not based on how they perceive you, not on how you perceive you.

Our client ultimately decided to keep the finding in their mid-year report, and this worked to their benefit. To reconcile the discrepancy, they asked, "Why did our customer say this, and how can we communicate with them more effectively?" The answer revealed that the root problem was a marketing error, not a sales problem. The buyer thought the sales representative didn't present a solution feature because

marketing collateral provided an inadequate description of it. Our client corrected their marketing message and avoided making that misstep in other deals.

Staying open to feedback also depends on the ability of your sales reps to take themselves out of the equation when they review win-loss findings. Dropping a defensive stance allows them to view feedback as a chance to improve. The implications of this mentality are advantageous for your entire company, because when a sales rep can step aside and see the bigger lesson, they can help others do the same. The result is a win-loss program that provides lessons from one person or team that are easily applied to other reps and teams.

Another client, a consulting company, used this tactic to amplify the impact of win-loss intelligence. They helped their sales team think beyond their own pursuits and see how others could learn from their buyers' praises and criticisms. The vice president explained that their consultants respond to constructive—yet eye-opening—feedback by helping colleagues avoid the same mistake. They share insights such as, "When you work with this account, remember that they prefer X and Y. Stay away from Z." This has helped them incorporate a nuanced approach to customer service and extend the reach of buyer intelligence in their company.

Cultivating such a non-defensive approach starts with a positive attitude and continues with cautious management of negative feedback. It also depends on your ability to coach teams and help them respond constructively to the findings.

EXPLAIN THE PURPOSE AND VALUE OF WIN-LOSS ANALYSIS

Sales teams often overlook the value of win-loss analysis by assuming it is solely an exercise to evaluate performance. While win-loss analysis starts by evaluating a competitive sales opportunity, its purpose is much broader. These interviews collect marketing intelligence, product intelligence, buyer business needs and more. They also reveal why competitors win and lose business opportunities. Your sales team can use this intelligence and become more competitive in the next deal in a variety of ways.

Build a smarter sales strategy. Win-loss interviews can effectively reveal what tactics your competitors employ to



Attitude matters: The way you and your leadership respond to buyer feedback will steer your team's attitude and interest.



claim market share. For example, a healthcare-industry client experienced a bidding season characterized by consistently losing to a specific competitor in the finalist meetings. Win-loss interviews confirmed not only that our client's solution was strong, but also that they were often the preferred vendor going into final presentations. However, the competitor's tactics in these meetings swayed the buyer's decision. With a deeper understanding of their competitor's behavior, our client constructed an effective counter-plan. In the following bidding season, the sales team used this competitive intelligence to stay in the finalist meetings longer and close more new business opportunities.

Identify and pursue win-back opportunities. Win-loss interviews often uncover win-back opportunities, which give sales teams a second chance at a lost opportunity. Win-backs are deals typically lost by a thin margin and are ideal targets for follow-up calls and future business pursuits. These narrow losses reveal one of the most actionable pieces of intelligence: What was the buyer's tipping point, and what could the vendor have done differently to move the deal in their favor? After interviewing lost accounts like this, sales reps can see exactly how to reconnect with the account at renewal.

In some instances, pursuing a win-back opportunity pays an immediate—and often unexpected—dividend. Recently, our client interviewed an account they assumed was lost to a competitor. The buyer explained how they were having extreme difficulty in the competitor's implementation process and were ready to find an alternative. This interview reopened the dialog for our client and helped them recover the deal.

Discover smart selling tactics. Win-loss interviewing can create an ongoing advantage for your sales team by serving as an intelligence repository. As your library of interviews builds, sales reps can reach back to previous deals and find similarities that apply to their current pursuit. They can pinpoint a specific deal that matches their current prospects in terms of size, industry, culture, or product and use the past insights to avoid known pitfalls or create new advantages.

COACH WITH REGULAR INTERVIEW DEBRIEFS

While team members need access to the interview transcripts, it's also important to help them interpret and respond to findings in a structured setting. The most effective way to coach them—and to guarantee your win-loss program has impact—is to conduct regular interview debriefs. These are structured conversations that extract best practices and areas for improvement from each interview for development into deal-winning tactics. The benefits of regular debriefs extend beyond coaching opportunities (e.g., a guaranteed uptick in your win rate) and are an effective tool for engaging your team in win-loss analysis.

- Debriefs drive engagement in win-loss analysis by reinforcing the notion that they aren't a tool for assessing performance but for collecting buyer intelligence to drive improvement.
- Scheduled and frequent touchpoints give teams a routine setting to share their side of the story and absorb the customer's perspective. It gives sales teams a voice and stake in the process.
- Debriefs help teams understand their buyers better and drive smarter selling. These discussions help teams peel back the layers of each deal to uncover the main decision points. These decision points become a team's greatest resource for aligning sales tactics with buyer business needs.

Win-loss interviews can reveal what tactics your competitors employ to claim market share.



While the tone of a win-loss program is set and maintained throughout the research cycle, interview debriefs are the single most effective way to achieve all of the previous goals in one setting. Each interview debrief provides an opportunity to reinforce a positive tone, graciously handle harsh feedback, objectively interpret findings and reiterate the value of each interview.

More importantly, debriefs propel you and your team forward because they expose the root cause behind a buyer's decision-making. These root causes are the nuggets of intelligence needed to win more. To make sure your debrief is a success, combine conversation with investigation. Simply discussing a deal is insufficient. Instead, you need to address why the deal went the way it did. If your teams don't understand the why behind your buyers' behavior, the insight they glean from the debrief will be surface-level and provide limited value.

For example, one client kept losing deals because of a lengthy sales process and inflated prices—or so they thought. However, during a routine debrief, the client probed the sales team about their selling process. The answer was telling: The sales team couldn't make financial decisions for their contracts; instead, they had to send requests to the contracting team. Contracting would review the request and offer a revised pricing structure, which often didn't align with the buyer's needs. But because contracting wasn't interfacing directly with the buyer, they didn't have visibility into the buyer's needs.


When sales followed up with the buyer, they found that the new contract terms weren't hitting the mark. They would send the proposal back to contracting for a second iteration, and so on. The problem wasn't a sales-specific issue. It was a process issue in the company's contract negotiation practices, which started because the initial price point was too high and was perpetuated by an arduous workflow.


The client realized two significant benefits from their debrief. First, it gave the sales team a stake in the process, which increased interest in win-loss interviewing. The sales team immediately connected the dots between their ability to sell better and the intelligence they collected from win-loss interviewing. Second, it uncovered deal-saving intelligence; the client experienced a significant ROI by simply correcting a behind-the-scenes workflow.


KEEP THE FORUM OPEN


Just as the sales process entails frequent customer touchpoints, win-loss analysis also requires regular touchpoints with internal stakeholders, including the sales team. While interview debriefs can also be a useful setting for addressing questions or concerns, remind your team that they have an open line to share feedback and ask questions. And when they raise questions or concerns, be willing to accept their input and approach it like your win-loss interviews: with a willingness to hear the other side and see opportunities to improve. Provide a consistent example and reinforce that the tone will be positive, that negative feedback will be handled graciously and that the overarching focus will be on how to improve. **PM**

TIPS FOR A SUCCESSFUL DEBRIEF

 **REAFFIRM A POSITIVE TONE.** Open every discussion with an emphasis on improvement and explain that comments shared in the forum will follow this commitment.

 **IDENTIFY THE ROOT CAUSES** behind best practices and problem areas. To find best practices, discuss the biggest successes described by the buyer and help your team solidify these habits. Then, focus on how your team can improve. Keep the discussion constructive and neutral, and identify items that everyone can use in the future.

 **DISCUSS "IF-THEN" SCENARIOS** to help your team think creatively about the findings. Take a direct example from the interview (or embellish on the interview to create a slightly different situation) and ask your team for some possible responses or reactions to the situation. Start the discussion by saying, "If you found yourself in this position, how would you use this strength or overcome this hurdle?" The goal is to help your team identify their strengths and apply them to future opportunities.

 **CREATE ACTION ITEMS** and follow up regularly. Be sure to reconnect with your team on past lessons learned and ask for examples of how they've used that intelligence.

ABOUT THE AUTHOR

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PERSONAS: THE JOURNEY

BY JOHNATHAN LUCKY



“IT’S NOT SO MUCH ABOUT HOW MUCH IT COSTS, it’s about how it costs,” says Eddie, a CIO for a medium-sized IT group. Eddie has a large corner office with bay windows overlooking the campus. Every surface of his office—the desk, credenza, even the window sills—is covered with case studies, product sheets, solicitations and other marketing collateral. A single industry-specific magazine sits on top of his meeting table. Eddie doodles and plays with it throughout the interview. I realize, without even asking the question, that Eddie is constantly pummeled with marketing material; all of this valuable collateral, turned into noise. Only industry-specific materials produced by industry experts catch Eddie’s eye.

A thousand surveys, a dozen sales calls and industry-analyst data would have never revealed this. To truly understand the buyer or user, you must understand that person as a human being. Learn their motivations, aspirations, pains and plans. Personas are the best way to articulate the challenges of your customers to development, marketing and sales.

I have seen many persona documents that are essentially demographic data sheets. Statistics are valuable for providing context but don’t tell the real story of your target customer.

Visiting customers and prospects face-to-face is the best way to shape this narrative.

In other cases, companies have focused on user personas to the exclusion of buyer personas, or vice versa. Developing user personas is critical for engineering teams to have context when building products and for customer experience and support teams to attune themselves to customer needs. But buyer personas are important for marketing teams to design the right messaging, engineering teams to support buying criteria, and sales to map their processes to the buyer’s pains. One without the other is only half the story.

When I started building personas, simply getting away from the office was hard. However, visit after visit brought new revelations. Existing customers and prospects in our sales pipeline were the low-hanging fruit. But potentials—those not currently shopping for our solution—were the real treat. I learned about new opportunities and even new value propositions for



our existing solutions. Following every interview, I wrote a summary as if it were a story. I not only wrote the answers to my questions, but also described the environment, the subjects' clothing, the way they spoke and more.

After several interviews, I began constructing personas. The interviews revealed three personas that encapsulated our market: Connor the CIO, Dan the IT admin and Jen the analyst. Connor, a wise and thoughtful figure, was the buyer. Jen and Dan were users, but they often acted as recommenders in the buying process.

Personas were an entirely new concept to our company and their introduction needed to be compelling. No one would identify with statistics; they needed to hear a story about our customers and their problems. Each story had a protagonist, the persona. This persona had a name (e.g. Connor the CIO), a picture and a personality.

Like every good story does, it used storytelling tools such as rising action, climaxes and foreshadowing. The goal was to create a narrative that didn't simply describe the persona's problems but provided context into why the problems exist to help the team empathize. We built powerful narratives designed to build a strong rapport with the personas, despite never having met them.

When we first introduced personas to the entire team, the reception was ... tepid. Did we get something wrong? Weren't they compelling? As it turns out, there were missing ingredients. We failed to illustrate why personas are important; how to apply them to marketing, sales and product development; and the key revelations they revealed about the market. Creating and introducing personas was a slow process (nearly two years) and perseverance was key.

I talked about Connor, Dan and Jen as if they were real people, illustrating them through the real-world examples of our customers. After sales calls, the salesperson and I would discuss the customer's alignment with one or more of our

Personas tell the common narrative about our market, focusing on the human element.

personas. I was challenged about our personas by staff at all levels of the company. I didn't fight it; I welcomed it. I asked for the data that backed the challenge and countered with market facts (quotes and observations from interviews, survey data, etc.). The new information enhanced our personas. Most importantly, we finally arrived at *why* personas were important to each department. This was my misstep in the beginning: We didn't start with the *why*. Without personas, we risked inside-out thinking, building products only for ourselves, marketing messages that only we understood and sales conversations where we talked more than listened.

Once we demonstrated how personas enhance product requirements, shape value propositions and tune the sales language, everything seemed to click. Major changes in the company's engineering, marketing and sales processes made our personas even more impactful and adoption became less difficult. The company finally tuned in to the market's goals, feelings and pains.

Today, we continuously grok our personas, telling their story to newcomers and reminding our team. Like people, Connor and the other personas are constantly evolving; new interviews bring fresh perspectives and story arcs to these complicated individuals. We constantly refresh our data through interviews

In the end, what matters most about personas is that they tell the common narrative of our market, focusing on the human element. When done right, that's far more powerful than any statistic. **PM**

ABOUT THE AUTHOR

Johnathan Lucky is head of brand and product strategy at ChristianSteven Software, responsible for leading product management and marketing efforts across the company's product portfolio. Prior to joining ChristianSteven, Johnathan worked in the IT and television industries, ranging from advertising to production and even a voiceover role for PBS. He holds a B.S. in business administration from the University of South Carolina Beaufort and has earned various certifications including Pragmatic Marketing and Scrum Master. Email Johnathan at johnathan@christiansteven.com or connect with him on LinkedIn at www.linkedin.com/in/johnathanlucky.



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Do All Customer Voices Carry Equal Weight?

BY ABHINAV ARORA

I HAVE BEEN FASCINATED WITH PROPER CATEGORIZATION and order as far back as memory allows. While categorization of physical items, devices and possessions is important, the categorization of ideas is critical to human progress.

We talk about music as baroque or romantic and art as impressionistic or abstract. We talk of tasks on a scale of time, the ever-present categorization mechanism. Categorization is key because it allows us to look at things in context. And classification is particularly important when we discuss our customers.

Companies devise user personas with interest- and preference-based categories to understand who their customers are. This simple but powerful mechanism has been used since the 1980s, allowing companies to build a mental picture of their target audience's personality.

Product managers must connect the dots between a persona's needs and the product features that best meet those unique needs. For instance, a fashion retail firm may refer to two user personas: Tanya and Skylar. Tanya is a bargain hunter. Price is most important to her, ahead of selection, status or convenience. Meanwhile, Skylar is a busy career woman who cares more about convenience than price.

If you head an ecommerce marketplace, Tanya's opinions will carry more weight for features such as the clearance section, coupons and sales. Skylar is more likely to be a good representative for features like "buy online, pick up in store."

To connect the dots effectively, you must have a strong understanding of your personas. And to do that, you must talk to your customers. Luckily, with the advent of social media, access to customers and associated analytics have increased in number, quality, influence and importance. However, it's important to keep two key things in mind when you start listening to your customers.

We listen to real people, not abstract personas. While personas are immeasurably helpful, it is critical to remember that personas appear on a scale or range, but real users are a more absolute value. As *Chart 1* shows, not all customers represent the persona as closely or accurately.

If we assume we are correct in discovering and identifying our user persona, we see that Joan Baez and Knopfler closely embody our user base. Despite subtle differences in how they use and perceive the product, they are strongly aligned. To a degree, Emmylou is also aligned to the general trend, but her opinions must be strongly analyzed before they are incorporated. Her opinions may not represent the core market, but they have value when trying to understand the outliers. Finally, we have Cohen. While his opinions may have value for some product managers, listening to him could navigate your feature roadmap away from your unique selling proposition.

Everyone has a platform, but not everyone has influence. Social media provides everyone with a pedestal and a voice, but not every voice has influence. The complexity of human networks and relationships often means that some voices are more shared, liked and retweeted than others. According to a recent article in *Content Marketing*, 64 percent of all articles received less than 20 shares across all networks, and 1 percent of the articles got 30 percent of all shares. The takeaway? Some voices are influencers, others are listeners. And there's extra value in listening to key influencers.

Once we realize these two things, we realize that all customers should not be listened to equally. We can build a table to help us plot each voice and the relative importance and weight it should carry within the organization and our product plans.

Chart 1

	Ideal Persona—Tanya		Real User—Joan Baez		Real User—Knopfler		Real User—Emmylou		Real User—Cohen	
User Preferences	Ranking	Ranking/Weight	Ranking	Weight	Ranking	Weight	Ranking	Weight	Ranking	Weight
Price	1	35–40%	1	40	1	35	1	40	3	15
Selection	2	25–35%	2	35	2	25	3	20	4	5
Status	3	15–25%	3	17	3	25	2	30	2	30
Convenience	4	5–15%	4	8	4	15	4	10	1	50



Top Priority
Opinion Makers and Ideal Persona.

These users are essential to our products. They are capable of generating new features and improving the quality of existing ones. Their input helps determine new features for our product roadmaps. Through their outsized influence on the community, they are also key to others forming an opinion about the perceived quality of our product.



High Priority
Active Fans and Ideal Persona OR Opinion Makers and Close to Ideal Persona.

These two groups are critical to the product's success and require close attention because of their complexity. The Opinion Makers who are not ideal personas may request features that veer us away from our unique selling proposition and the product's appeal to the core group. Active Fans offer their opinions less frequently but share more information with others; they influence prioritization of our product/feature roadmap. And although they may not generate ideas, they help us gauge which of the Opinion Makers' ideas resonate.



Medium Priority
Active Fans and Close to Ideal Persona OR Opinion Makers and Somewhat Ideal Persona OR Bystanders Who Are Ideal Persona.

These groups occupy a medium priority when it comes to listening to the voice of the customers. They are a good gauge of feature-set prioritization but occupy a supporting position to our earlier groups. The feature set, critiques and ideas generated by this group may or may not be applicable to the product, and their shares may not talk of the core appeal. Focus on looking for off-notes, criticisms and complaints from this group.



Low Priority
Active Fans and Somewhat Ideal Persona OR Bystanders Who Are Somewhat or Close to Ideal Persona.

It is ironic that most of the actual buyers belong to the medium- and low-priority groups. But hierarchically, most people are Bystanders, not Influencers. These low-priority users have a low output when it comes to generating new content about our products; they are more likely to be the audience for such content. Even if some content is generated, it is unlikely to influence the masses.

Knowing your customers is critical; knowing which of your customers' voices to value the most is key to keeping your product and roadmap prioritized and profitable. **PM**

Practically Twins
Very similar to ideal persona

Close Similarity
Somewhat similar to ideal persona

Shared Features
Limited commonality

Opinion Makers Product and industry evangelists	 Business end of short tail	 Sift through opinions wisely	 Watch for pitfalls!
Active Fans Commenters and retweeters	 High end of short tail	 Part of short tail	 Long, long tail
Bystanders Audience, quiet listeners	 Part of short tail	 Long, long tail	 Even longer long tail

 **TOP PRIORITY**
 **HIGH PRIORITY**

 **MEDIUM PRIORITY**
 **LOW PRIORITY**

 **About the Author**

Abhinav Arora has spent the last decade managing digital product-based solutions for some of the largest Fortune 500 firms across North America, Europe and Asia. He has earned his MBA and bachelors in technology and is Pragmatic Marketing certified. Additional certifications include Certified SCRUM Product Owner and Certified Supply Chain Professional. His passion for music is only exceeded by his love for building market-centric products through measuring, evaluating and flowing the voice of the customer into products. He can be reached at abhinav_arora@outlook.com



From Convergence to Divergence

LIKE TO ILLUSTRATE THE CONCEPT OF BUYING and using criteria like this: When my wife and I go shopping for cars, we tend to look at different things. I want to know about the features, the performance and what all the buttons do. She wants to understand about the costs, the maintenance and the insurance impact. Her criteria are about buying, while mine are purely using criteria. They are very different, but where they converge is the “sweet spot” where a car earns a second look.

The relationship between buying and using criteria is very interesting. And I’ve actually noticed a pattern in the technology arena that can be seen as either an opportunity or a threat. The criteria start out the same, then diverge as time goes on until ultimately you find yourself wondering how anyone can meet both sets—and then someone comes along and does just that by delivering a completely different solution.

Let’s look at this life cycle, using the computer as an example.

Two as one. In this stage, we have what many refer to as “technology-based sales.” Our technology people sell to their technology people, our experts to their experts.

Early on in the computer marketplace, IBM’s desktop computers were mainly for more technical use. It took an IT department to buy it, to set it up, to load DOS and to really get it to do anything. The buying criteria were driven by the using criteria—and so both were the same.

The sweet spot. As time moves on and the market matures, the needs of the buyer and the user communities

start to diverge. Some criteria still overlap in the sweet spot, and those are the things that you really have to do well.

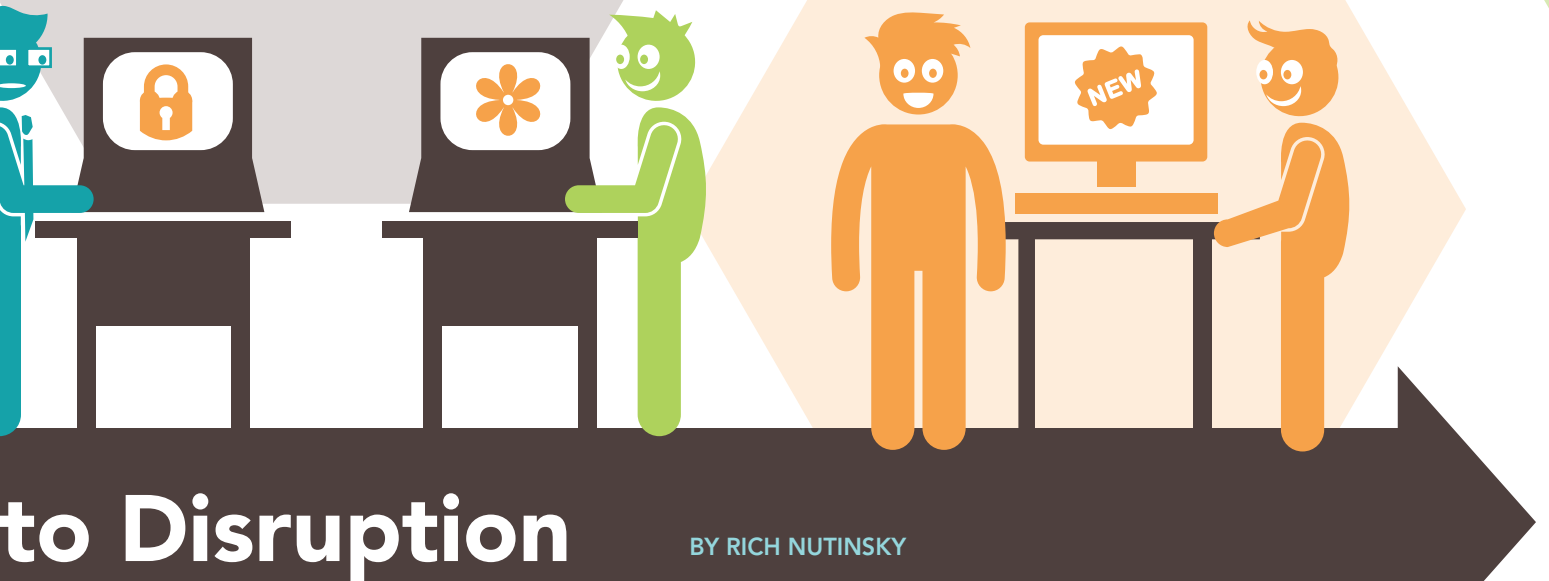
With the computer, new users arrived over time who wanted more business-oriented programs, while IT departments (who still did the buying) became focused on centralized data, security and antivirus software. IBM, when it dominated the market through the mid ‘90s, played well to the sweet spot for both the corporate buyer and the business user.

Divergence. Next, you get these two groups of criteria: things that users care about that buyers don’t, and things that buyers care about that users really don’t. And the two groups no longer overlap.

The criteria completely diverged for computers when IT departments were no longer focused on their own usage, but on locking the systems down for other users with firewalls and Internet restrictions. At the same time, programs had evolved to where business users no longer needed daily IT support. And those users were pushing for more access and consumer-focused applications.

Disruption. In this stage, new technology emerges that meets both the buying and using criteria in a way that the market hadn’t ever seen before.

In the computer world, this disruptor was the advent of fast, inexpensive personal computers like those from Dell. It was now easy for individuals to buy, use and maintain their own systems at home.



to Disruption

BY RICH NUTINSKY

Opportunities in the Making

As this evolution happens, it affects the way you sell a product, who you are selling it to and how much credence and weight you have to put on the buying and using criteria. And it creates both an opportunity and a threat for your company.

Opportunities exist to introduce disruptive technology in markets where the two sets of criteria have diverged and existing players aren't in touch with users anymore. It's important to keep your eyes open for these opportunities, because for brand-new technologies, you don't see requests for proposals (RFPs). You see people inviting in thought leaders and advanced companies to present their ideas. And then they debate internally to decide whether they're comfortable moving forward with it.

If you're the company that's been succeeding in the space, then that divergence actually is a threat. You want to watch for it so you can block the opportunity this could mean for outside technologies.

This goes along with what we teach product managers: Instead of relying exclusively on RFPs and input from sales to tell you what people want, keep in touch with both buyers and users to be a more market-driven company. You want to be aware of whether you are early or late in the pattern and be proactive in recognizing these changes as they happen. Having that market focus can help you clearly see when this separation of criteria is occurring, and you can better position your company to address it—no matter which side of the technology you're on. [PM](#)

About the Author

Rich Nutinsky is an instructor at Pragmatic Marketing, with more than 20 years of experience in the software industry. He has launched several successful software products using the Pragmatic Marketing Framework. Prior to joining Pragmatic Marketing, Rich served in various product management positions for companies including Arasys Technologies, where he was vice president of product management and development. He has provided consulting services to market leaders such as Microsoft, AT&T, DuPont, NEC, GE and Siemens, working with senior-level executives to improve their product strategy, product management and marketing processes. He may be reached at rnutinsky@pragmaticmarketing.com.

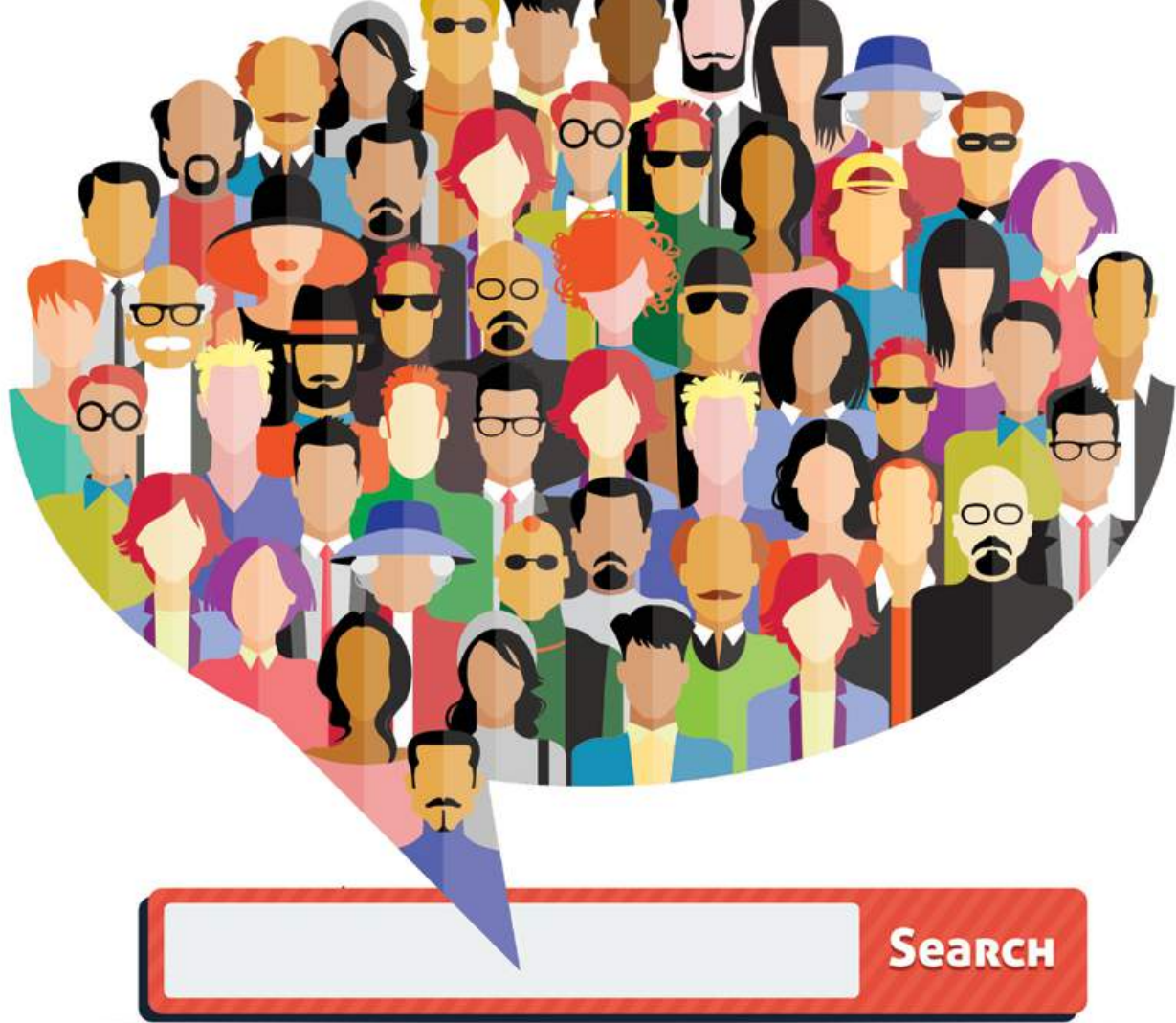
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Give Buyers What They Want

How B2B Companies Can Use Online Reviews to Get Ahead

BY BERTRAND HAZARD

IN THE LAST TWO YEARS, BUSINESS TECHNOLOGY buyers have increasingly adopted consumer-like behavior as they evaluate products. They now complete more than half of their evaluation process before contacting sales, and they seek opinions from other users ahead of vendors and analysts.

In fact, two-thirds search online for peer reviews or testimonials, according to a Google study. Most importantly, technology buyers value peer insights above other sources across the entire purchase cycle.

Yet today, only a minority of technology vendors have embraced user reviews. Few proactively encourage them. Fewer still strategically incorporate reviews into their go-to-market efforts. And very few use reviews as an opportunity to improve their product and customer service. User reviews give marketers the opportunity to amplify their customer success, getting customers en masse to go on the record to accelerate sales. They also give product managers access to real time, substantive and authentic feedback to improve products and services.



Business Buyers Are Also Consumers

As consumers, we rely on reviews on websites like TripAdvisor, Yelp, Angie's List and Amazon to make purchase decisions. Many people could not imagine selecting a hotel without first checking TripAdvisor, or at least running a Google search.

Without such a transparency-forcing mechanism, B2B marketers have historically attempted to control the flow of information to prospects. Carefully crafted value propositions conveyed through highly produced marketing communications, salespeople trained to convey a standardized message, and tightly managed reference programs that gate access to customers are the norm.

Yet the buyer's journey for B2B products is changing rapidly. Today, 78 percent of business-software buyers begin their evaluations with a Web search, and 60 percent search for peer reviews.

The shift is not surprising. After all, business buyers are consumers in their personal lives. It is natural for consumer-like behaviors to cross over into the professional realm, just as they have in many other areas.

With easier access to online information, business buyers can now complete more of their evaluation process independently. Just how much of the evaluation occurs before engaging sales? Estimates vary from 57 percent to as high as 90 percent.

Buyers Have Less Trust in Your Content

The sad truth for all of us who have spent countless hours crafting product messaging and creating datasheets is that B2B buyers are becoming less reliant on vendor-produced materials. According to Gartner, provider materials rank third in the list of preferred information sources, behind self-driven information searches and peers or communities. This remains true across all stages of the buying cycle.

Buyers want to hear from people like themselves. Historically, companies have created case studies and customer-reference programs to deliver such validation. However, the trust level in vendor-provided customer evidence is nowhere near as strong as independent sources. A 2014 poll on TrustRadius reported that 65 percent of software buyers did not trust vendor-produced case studies.

Case studies are also time-consuming to produce, with high up-front costs and lengthy legal or executive approval.

It can also be difficult to convince prominent brands to go on the record.

Similarly, customer reference programs are powerful but challenging to scale and operate. These assets shouldn't be overtaxed, which is why they are typically made available only toward the end of a sales cycle. Gaining approval to use a reference can be cumbersome, and coordinating calls between prospects and customers can be logistically challenging.

By comparison, a large base of in-depth user reviews on a trusted third-party site can provide a more efficient way to scale your reference program. Since they are public, you can share the reviews much earlier in the buying cycle without fear of overtaxing reference customers. Plus, with a large review base, your sales team can consistently find good matches for their prospects.

As Jason Wesbecher, CMO at Mattersight—an enterprise solution targeted at call centers—said, “When prospective customers ask for references, we can accelerate that very critical part of the sales cycle. We don't have to cajole someone to get on the phone. We can send them to a website with 33 living, breathing, authentic reviews which are probably more beneficial than a single call.”



The Influence of Reviews on Decisions

Two years ago, user reviews didn't show up as a significant factor in buyer surveys. But the evolution has been rapid. In its most recent buyer's survey, HubSpot noted that user reviews influenced about half of all buyers.

Vendors are becoming more proactive about sharing user reviews with prospects as they realize the influence reviews have on decision-making. They syndicate them to their website and use them in email campaigns. They also train and equip sales reps to use them ahead of reference requests.

Reviews amplify customer success in an authentic fashion, as a value proposition or benefit is more powerful and believable coming directly from a customer. Buyers prefer to hear directly from those with a similar operating context who have successfully used a product. They do care about product benefits, but they are just as interested in limitations. They want to hear what it is really like to work with a vendor on a daily basis. To be credible, reviews must include these details.

Reviews enable buyers to conduct independent research more quickly and confidently—and get to you more quickly. This requires more than just a high-level rating with a few supporting words. It's a thoughtful articulation of pros and cons, ideal use case, etc., sourced from a broad, unbiased pool



B2B VS. B2C REVIEWS

of customers, and not the result of cherry-picking or advocacy campaigns.

Learning from User Reviews

User reviews offer a great source of feedback for product development and customer service. They can help identify the strong and weak aspects of your product and service.

They also can help you to understand market problems and rank competitive differentiators. For example, reviewers on TrustRadius are asked to describe the alternatives they considered and why they selected a particular product.

Reviews can help inform your product roadmap, providing input as to which features are most valued and which are candidates for investment. They also provide input into pricing and perceived ROI. In addition, reviews help inform customer retention programs by understanding sources of dissatisfaction and providing early identification of at-risk accounts.

Online reviews are rapidly becoming a critical factor in how software buyers find and evaluate products. B2B companies should take their cue from their B2C counterparts and embrace transparency. Assume that customers will review and discuss your products in public forums and that prospects will search for—and access—this information while conducting independent research.

You might initially be fearful of embracing transparency, but the reality is that buyers will talk about you anyway. By understanding that third-party reviews are your best strategic weapon to meet buyers where they are, increase sales, and improve your product offerings and customer service, you'll stay ahead of your competition. [PM](#)

YOU MIGHT BE FEARFUL OF EMBRACING TRANSPARENCY, BUT THE REALITY IS THAT BUYERS WILL TALK ABOUT YOU ANYWAY.

B2B companies can learn a lot from B2C companies when it comes to reviews, but there are some notable differences as well.

- Decisions are much more complex.** Make sure that reviews provide robust content, including a discussion of use case.
- Qualified B2B product reviewers are in limited supply.** Develop a strategic approach to drive strong participation rates.
- Trust is critical.** With five-digit or higher price tags in this high-stakes environment, trust in the reviews and review sites is critical.
- Updates are key.** Your product, and therefore your reviews, have a short shelf life. Be sure to implement a mechanism to keep reviews current.

About the Author

Bertrand Hazard is vice president of marketing at TrustRadius, where he leads all marketing functions. Previously, he led a team of product and demand-generation marketers as senior director, market strategy for the systems management business at Solarwinds. Bertrand also served as vice president of marketing at Trous Technologies, overseeing brand, product marketing, demand generation and community efforts. He is a regular speaker at ProductCamp Austin. Follow Bertrand on Twitter @productmarketer or email him at bertrand@trustradius.com.



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6 Marketing Metrics Your CEO Wants to See

BY MIKE VOLPE

GONE ARE THE DAYS OF THE CMO who is not fluent in metrics, analytics and spreadsheets. The Internet has made marketing far more measurable (and therefore more accountable to the CEO and CFO) than ever before. Yet I frequently hear from my CMO peers that they are struggling to find the right metrics that will gain credibility and show the real contribution of marketing to the bottom line.

The best marketing metrics look at the total cost of marketing, including program spend, team salaries and overhead, and relate that cost to the results you care about: revenue and customer acquisition. Other metrics like cost-per-lead, cost-per-follower or cost-per-page-view can be useful to look at within a marketing team, because they can help you make decisions about where to focus and what parts of your marketing process are broken. But most CEOs really just care about the cost and net results, not the interim steps. This list of metrics focuses on the most critical measures of marketing that you should discuss with your CEO.



1 Customer Acquisition Cost (CAC)

This is your total sales and marketing cost—all the program or advertising spend, plus salaries, plus commissions and bonuses, plus overhead—for a given time period, divided by the number of new customers during that time. That time period could be a month, a quarter or a year. For instance, if you spent \$300,000 on sales and marketing in a month and added 30 customers that month, then your CAC is \$10,000.

2 Marketing Percentage of Customer Acquisition Cost (M%-CAC)

I like to compute the marketing portion of CAC and call it M-CAC, and then compute that as a percentage of overall CAC. The M%-CAC is interesting to watch over time, as any change signals that something has changed in either your strategy or your effectiveness.

For instance, an increase in M%-CAC may mean:

- You are spending too much on marketing
- Sales costs are low because they missed quota
- There is an attempt to raise sales productivity by providing higher-quality leads and spending more on marketing

For a company that does mostly outside sales with a long and complicated sales cycle, M%-CAC might be 10 to 20 percent. For companies that have an inside sales team and a less complicated sales process, M%-CAC might be 20 to 50 percent. And for companies that have a low cost and simpler sales cycle where sales are somewhat humanless, the M%-CAC might be 60 to 90 percent.

3 Ratio of Customer Lifetime Value to CAC (LTV:CAC)

For companies that have a recurring revenue stream from their customers—or any way for customers to make a repeat purchase—you need to estimate the total value of a customer and compare that to what you spent to acquire a new customer.

To compute the LTV, take the revenue the customer pays you in a period, subtract out the gross margin, and divide by the estimated churn percentage (cancellation rate). So, if your customers pay \$100,000 per year and your gross margin is 70 percent, and that customer type is predicted to cancel at 16 percent per year, the LTV is \$437,500.

Once you have the LTV and the CAC, you compute the ratio of the two. If it cost you \$100,000 to acquire this customer with an LTV of \$437,500, then your LTV:CAC is 4.4 to 1. For growing SaaS companies, most investors and board members want this ratio to be greater than 3X; a higher ratio means sales and marketing have a higher ROI. Higher is not always better though; when the ratio is too high, you may be restraining your growth by underspending and making life easy for your competition. You might want to spend more on sales and marketing to grow faster.

4 Time to Payback CAC

This is the number of months it takes you to earn back the CAC. Take the CAC and divide it by the margin-adjusted revenue per month for the average new customer you just signed up. The result is the time to payback. In industries where customers pay one time up front, this metric is less relevant because the up-front payment should be greater than the CAC (otherwise, you lose money on every customer). On

the other hand, in industries where customers pay a monthly or annual fee, you usually want the payback time to be less than 12 months so that a new customer becomes profitable within the year.

5 Marketing Originated Customer Percentage

This ratio shows what percentage of your new business is driven by marketing. To compute, take the new customers you signed up in a period and determine what percentage started with a lead that marketing generated. This is much easier to do when you have a closed-loop marketing analytics system, but you can do it manually—just know it will be time-consuming.

What I like about this metric is that it directly shows what portion of the overall customer acquisition originated in marketing, and it is often higher than sales would lead you to believe. In my experience, this percentage varies widely from company to company. For companies with an outside sales team supported by an inside sales team with cold

callers, this percentage might be pretty small, perhaps 20 to 40 percent. For a company with an inside sales team that is supported by a lot of lead generation from marketing, it might be 40 to 80 percent. And for a company with somewhat humanless sales, it might be 70 to 95 percent. You can also compute this percentage using revenue instead of customers, depending on how you measure your business.



CEOS REALLY JUST CARE ABOUT THE COST AND NET RESULTS, NOT THE INTERIM STEPS.

6 Marketing Influenced Customer Percentage

This is similar to the marketing originated customer percentage, but adds in all new customers where marketing touched and nurtured the lead at any point during the

sales process (not just lead origination). For instance, if a salesperson found a lead, but the lead attended a marketing event before it closed, that new customer was influenced by marketing. This percentage is obviously higher than the originated percentage, and for most companies should be between 50 and 99 percent.

By focusing on the most critical measures of marketing, these six metrics provide CEOs the information they care most about: cost and net results. **PM**

About the Author

Mike Volpe is a startup marketing and growth executive, angel investor and board member of Replsly, a SaaS company. Follow Mike on Twitter at @mvolpe or read his HubSpot blog posts at blog.hubspot.com/marketing/author/mike-volpe.



PRODUCT MANAGEMENT:

The Executive Secret Weapon

BY MICHAEL COLEMERE
AND CANDIANNE HAACKE



THE PRODUCT MANAGEMENT FUNCTION IS OFTEN A MISUNDERSTOOD and underutilized role. In fact, there are more than 60,000 Internet searches each month from people trying to understand that role. But executive leaders who learn to rely on their product teams will discover they have more time and capacity to focus on strategic efforts rather than on day-to-day operations.

Product management is involved with the entire product lifecycle, ensuring that business, user and technology needs are met. The team communicates regularly and transparently with stakeholders. Successful product management teams have enough experience, reason and intuition to recognize innovative opportunities when they present themselves. They understand the user and their desires. They research the viability of different business opportunities and understand the feasibility of different technical solutions. They then identify the opportunities for innovation where these three areas intersect.

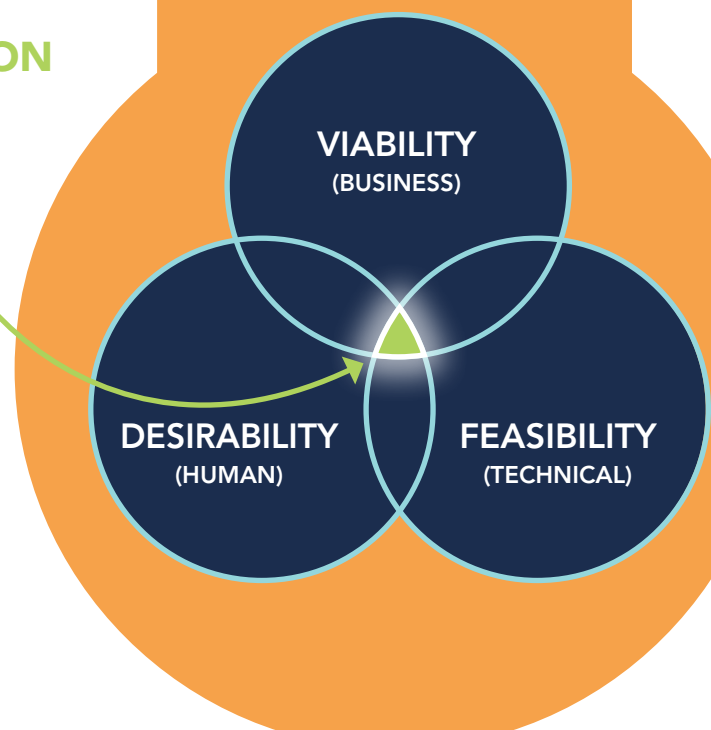
In short, product management leads, advises and counsels during the process of defining a product's strategic direction while ensuring that the needs of business, user and technology are realized. Product managers lead their teams—through trust and open communication—to achieve the desired outcomes.

While executive leaders are responsible for establishing the vision and direction of an organization, guiding decision-makers toward desired objectives, product managers lead from the middle, driving daily decisions that transform the executive's vision into action. Not only do product managers understand how to make things happen, they promote efficiency and effectiveness by helping to form what the end results ought to be and knowing how to work with people to achieve results.

Executives sometimes underutilize product management because they either haven't had experience with the role or they haven't had a competent person to rely on. So, how can executives do better? They can delegate and empower their product teams with the responsibility and authority to make product-related decisions. If the product teams feel trusted, their confidence will increase. With increased confidence, their skills will improve, along with the quality of their work.

At some point, there may be a (somewhat intimidating) realization that product management is more influential or critical to the product development process than the executive leadership. This is a positive indication of trust and empowerment. The executive leadership team can then uniquely lead, guide and ponder the broader direction of the organization instead of focusing

INNOVATION





Product managers lead from the middle, driving daily decisions that transform the executive's vision into action.

solely on execution and delivery.

Without the unique position of the product management function operating across and collaborating with so many functions (marketing, technology, design, etc.), an organization's mission and objectives would be almost impossible to achieve. Technology would end up leading strategy, design would not be user-centered, and product launch would become a leap of faith.

But not just any product team will do; it's critical to enlist product managers who "get it." To find out how yours measure up, ask yourself the following questions.

- When was the last time my product managers brought an innovative idea to my attention?
- Do my product managers alert me to risks that may arise?
- Do my product managers and I understand how the product will benefit our organization in the next three years?
- Do my product managers and I understand how the product will benefit our users in the next three years?
- Do I perceive technology "wagging" the strategy "dog"?
- How frequently do my product managers and I interface with team members to ensure that the best ideas are heard?
- Where can communication be improved?
- What can I do to further empower my product managers to make decisions?
- Do I provide general direction or do I stay involved in the day-to-day details?
- Do my product managers almost always agree with me?

By understanding the product team's role and ensuring it is properly staffed and empowered, executives can elevate their products and their overall organization. **PM**

About the Authors

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12

Ways to Develop Leadership Confidence

BY DAN MCCARTHY

I WAS IN A TALENT-REVIEW MEETING RECENTLY and we were discussing the strengths and development needs of a promising young leader. When I asked what the leader's biggest development need was, the answer was "confidence."

When faced with a development need, I can usually ad lib a pretty good development plan, but I drew a blank on this one. Total brain cramp. So I asked the rest of the group, "How do you develop confidence?"

The only answer they could come up with was "experience." Or more specifically, give the person time to build up a track record of wins.

But that can't be the only way to develop leadership confidence, right? Sit back and wait? That wouldn't explain why some young, early-career leaders ooze confidence and other more experienced, successful leaders still project a lack of confidence.

After doing a little research, I came up with the following 12 ways to develop leadership confidence.



Leadership confidence isn't just about building your own track record of wins.

1 Learn about leadership. Take a course, read a few books and study the great leaders. Learn what leaders do and don't do. Learn the frameworks, tools and skills required to lead. The more you know about a subject, including leadership, the more confident you'll be.

2 Network with other leaders. While it's good to learn about leadership from courses and reading, putting those ideas into practice is hard and mistakes will be made. Having a network or support group of peers is a healthy way to share common, real-world challenges. It will give you the knowledge that "I'm not the only one who feels this way."

3 Develop realistic self-awareness. Knowing your leadership strengths will give you confidence, and facing up to your development needs will help you determine what you need to focus on to get better.

Feedback will give a leader realistic self-awareness. Plus, leaders who ask for feedback are seen as more confident than those who don't.

4 Help others be more successful. Leadership confidence isn't just about building your own track record of wins. The essence of leadership is helping others around you become more successful. Help others gain self-awareness, coach them and help put them in the best position to be successful.

OOPS!

Confident leaders prefer to ask for forgiveness.



Confident leaders know what they don't know and are not afraid to ask for help.



Optimism and happiness can be learned.

5 Celebrate wins. When your teammates or colleagues hit a milestone or do something awesome, let them—and everyone else—know. This isn't about tooting your own horn, it's about getting into the habit of looking for and recognizing the wins of others.

6 Look confident. Pay attention to your physical appearance. Losing weight, getting in shape, a new pair of glasses, new hairstyle, a new suit or a new pair of shoes can make you feel and look more confident. Watch your posture, make eye contact, smile and use a firm grip when you shake hands.

7 Learn and practice positive psychology. Optimism and happiness can be learned.

8 Develop your emotional intelligence (EQ). Self-confidence is the mark of an emotionally intelligent leader. EQ isn't something you are born with; it too can be learned and developed.

9 Project confidence. While you may be terrified inside, learn to “fake it till you make it” by appearing confident. Terrified of public speaking? Take a presentation-skills course.

10 Ask others for help. Confident leaders know what they know and what they don't know and are not afraid to ask for help. They draw on the talents of others without feeling threatened.

11 Stop asking “Mother may I” and make a decision. Confident leaders would rather ask for forgiveness than permission and are comfortable making decisions without having 100 percent certainty.

12 Develop a sense of humor. Well-timed humor will break the tension in a stressful situation and help put things in perspective.

Working on all of these at the same time would be overwhelming and impossible, so try picking one or two at a time. Look for incremental improvement and celebrate your success; before you know it, you'll feel and act like a more confident leader. **IPM**

About the Author

Dan McCarthy is an expert in leadership and management development with more than 20 years of experience. He is the director of executive development programs at the Paul College of Business and Economics, the University of New Hampshire. Dan is responsible for all administrative, fiscal, operational and policy matters associated with the development, delivery and marketing of executive development programs at Paul College. He's the author of the award-winning leadership development blog *Great Leadership* at www.greatleadershipbydan.com. Contact Dan by email at danmccarth@gmail.com or follow him on Twitter @greatleadership.



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A PRAGMATIC APPROACH

Put this issue's ideas into action.

Know Your Buyer

Aim for four customer interviews per month, per product.

Justin Topliff

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Engage With Members

Create advisory board meeting content to address member—not company—desires.

Rob Jensen

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Remain Positive

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Make 'Em Matter

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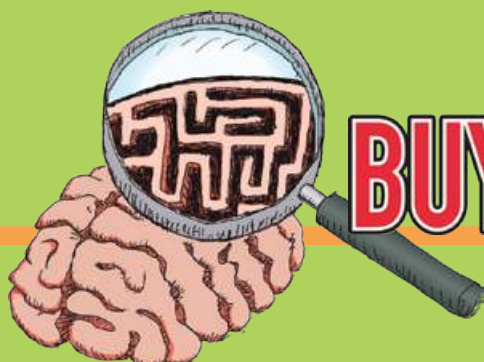
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Help Others to Help Yourself

Develop your own leadership skills by coaching others and encouraging their success.

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