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April 4, 2005

Do You Really Know What Your References Are Saying About You?



If prospects ask for a reference and your sales reps provide them with a name and number, have the reps done their job? Not even close, says Lisa Hicks, vice president of SalesIQ, a Charlotte, North Carolina-based organization that provides business-to-business sales intelligence (www.SalesIQ.com). SalesIQ has found that more than 30% of all lost sales opportunities are a result of references talking negatively about the vendor or not representing the vendor as favorably as the competition's references. That, says Hicks, is a direct result of salespeople failing to control the reference process.

Here's a real-world example of this widespread problem: A sales rep was trying to close a \$300,000 piece of business and provided reference names and numbers to the prospect. After losing the sale, the rep told SalesIQ researchers: References were pretty important to the client. I am not sure how the contact with the references went. To be honest, I am not even sure whether the references were contacted. When the same researchers visited the prospect, they learned that, in fact, the prospect felt references were very important. The prospect had contacted the references the company provided and heard mixed reviews, which wasn't expected since the company provided the references. The rep's lack of preparation and control, in great part, led to the loss of the sale, says Hicks.

If any of this sounds familiar, it might be time to overhaul your reference program. To start, Hicks says sales managers should take the following steps.

1. Establish a company-owned reference database. "References are a corporate asset," says Hicks. "They need to be collected, measured, maintained and owned by the company, not individual sales representatives."

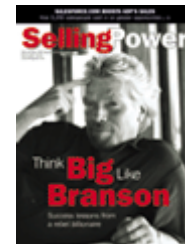
2. When asked for references, reps should start by evaluating the most appropriate reference for the prospect. This is done by first understanding how a potential client will evaluate your organization and what elements are most important to that prospect. For example, a prospect might value flexibility in payment options, the level of flexibility in your technology solution, or your ability to build a relationship. Once you understand how the prospect will evaluate you, it makes pairing the right reference much easier. If the prospect values payment flexibility, you want to provide references for whom your company has crafted flexible payment options. That kind of information should be available in the reference database. It may turn out that a colleague's client is the best reference, which is why it is so important for the company – and not individual reps – to own the database.

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3. Prep the reference for the prospect's call. Let the reference know the type of organization that will be calling and what you see as the prospect's primary concerns. Highlight examples of success that match those concerns. For example, using the prospect who values flexible payment options, you might say to your reference: My prospect is interested in flexible payment options. I'd like to talk to you about when we first worked together. You expressed to me the significance your organization placed flexible payment options, so we put together a program for you. By guiding the discussion this way, clients will recall and restate their experience, which means you're controlling the conversation instead of leaving it to chance. "When they're on the phone with your prospect, your references will use the examples you discussed," says Hicks. "In the absence of that, they'll talk about whatever comes to mind. It's amazing how honest references will be. In the absence of having a planned discussion, the mind wanders."

4. Follow up with potential clients. Make sure they are happy with the reference. Follow up by phone, not email. Time your follow-ups by asking your prospects when they anticipate contacting your references.

5. Follow up with references to thank them. This is the opportunity to find out what your references shared with the prospect. "Often," says Hicks, "you'll get new and deeper insights in this conversation." For example, you might find out how prospects are leaning or any concerns they might have that you didn't know about.

One final note, says Hicks, is that the reference process must be used consistently and it must be measured. "We all become consumed with the day-to-day business of generating new business and managing client relationships," says Hicks. "But without the discipline to put this in place and measure the results, it will fall short."

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