

CLIENT ADVOCACY AND BENCHMARKING STUDY



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Press Enquiries: Ross Beard Marketing Manager
ross.beard@clientheartbeat.com / +617 3340 5143

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KEY FINDINGS

In February 2013, Client Heartbeat conducted a client advocacy study which included IT service providers in Australia, Europe and America. The study surveyed 3,500 small businesses within the client bases of these providers.

The study focused on identifying client advocacy trends and habits of MSPs.

The key findings were:

- On average, 28% of an MSP's customer base "would go out of their way to recommend" them (customer advocates)
- 90% of MSPs surveyed were unaware of who their advocates were
- On average, MSPs tended to have 18% higher advocacy levels than CSPs (Cloud Service Providers)
- The MSP with the highest client advocacy score was [EzMSP](#) in New York with 52% client advocacy as of 7th March 2013
- The lowest was an unnamed MSP in Australia with 13%

This report will outline a significant opportunity for MSPs and IT Companies that have in the past neglected using client advocates to generate new leads and sales.

Along with data and findings, this report give you insight into some actionable strategies and tips that can help you implement a successful client advocacy program.

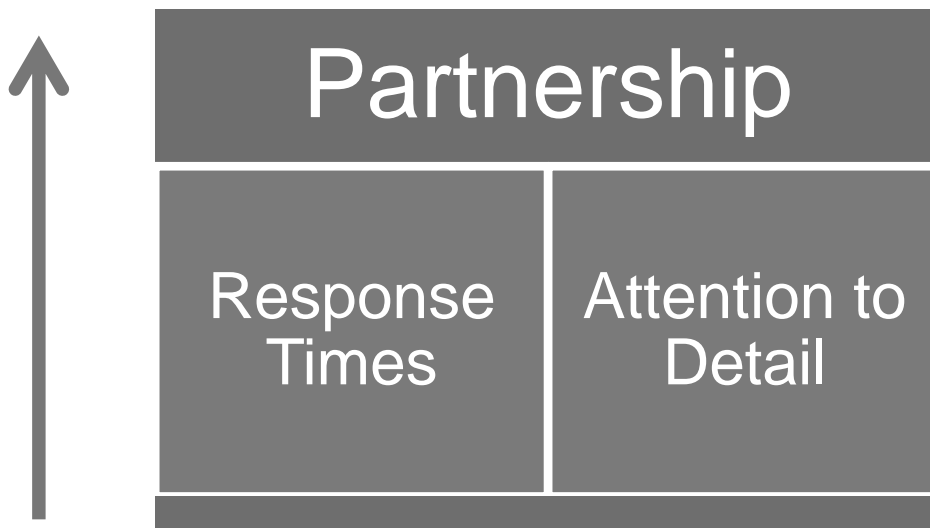
KEY FINDINGS CONTD.

The clear trends identified from the benchmarking study were:

- IT companies with high “partnership” scores directly correlated to having a high client advocacy percentage.
- Partnership scores we’re **never high** when response times and attention to detail were **low**

This shows MSP’s who focus on having high levels of partnership tend have more client advocates.

Furthermore, it can be concluded response times and attention to detail are **pre-requisites** to having strong partnership with clients. You **cannot have** partnership without first meeting these deliverables.



THE MISSED OPPORTUNITY

The question therefore is, how much are MSPs leaving on the table?

The report found that on average, 28% of ***your*** customers will ***go out of their way*** to recommend you. That's a pretty big sales force - and best of all you don't need to pay them a cent! If you can empower these people with the right tools and information, every MSP should have a ready made referral machine.

Client advocacy is an important part your business. In fact, the [Harvard Business Review](#) says it's the "one number you need to grow your business". It forms the heart of how your business grows by word of mouth referrals.

Robert Peretson from Perry Consulting [wrote an insightful article](#) for the MSP Business Management blog that discussed the power of word of mouth referrals. Robert said, "Sales referrals normally come with an endorsement. Which leaves prospects pre-sold on your service before you ever say a word. This makes closing the sale much easier. The prospect already has you as his or her top choice... or at least a credible one".

Everyone knows that word of mouth referrals convert the best. Prospects that come from referrals are often more profitable (as they are less price sensitive) and they also convert at a higher rate as they tend to lower their normal sales barriers. On top of that, the person who gets the referral often feels a certain commitment to respect the advice/recommendation of the referee.

Taking the data and insight into consideration you can now see that your business already has a ready made, free marketing machine that can drive you leads that are more profitable and convert better.

Time to stop focusing on SEO and telemarketing, and start building your client advocacy program.

HARNESS THE POWER OF YOUR CLIENT ADVOCATES

Once you make the decision to build a client advocacy/referral program the first thing you need to do is to identify your customers that really would 'go out of their way' to recommend your business. The easiest way to do this is via a survey. Client Heartbeat has this question in-built. Alternatively you can use a free survey tool like Survey Monkey.

Here are the questions you need to ask:

Which of the following options suits you?

- I would recommend *YOURMSP* if asked
- I would go out of my way to recommend *YOURMSP*
- I wouldn't feel comfortable recommending *YOURMSP*

If you're getting low survey participation rates, it is recommended you:

- Reduce the amount of required text
- Reduce the number of questions

Client Heartbeat users on average receive a client participation rate of 62% using this survey format. You should aim for at least 50% participation so you have a good number of advocates in your list.

CLIENT ADVOCACY STRATEGIES

Now you have identified a large portion of your client advocates, you need to harness them and equip them with the tools to start generating word of mouth referrals.

Here are three strategies you can use.

Strategy 1: Send letter, and ask

[Stea IT](#), an MSP in Denmark generates 2-3 qualified referrals a month from his advocates.

Here is the two step approach Rune Tipsmark, Managing Director of Stea IT recommends:

Step 1: Send a letter

Send a letter thanking the client for the positive feedback with a small gift (He uses little USB drives). Letters are great because they are different - they get emails from you every day but you want to make this message special. The letter basically thanks them for their survey feedback or patronage and informs them that the company will be seeking a referral at the next [Quarterly Strategic Meeting/Project Signoff].

Step 2: Ask face to face

You must have the courage to ask for the referral at your next meeting and it must be done face to face. At the end of the meeting simply end with the following: "So Simon I just wanted to check with you were still happy with our service if you had an opportunity to think of someone who may need our services?"

Some great advice from Rune. It was impressive to see Stea IT had developed a repeatable process which was generating them a consistent result.

Asking for the referral can be challenging and often nerve-racking for business owners. Susan Ward from the [Small Business Canada Guide](#) has some great tips to overcome the fear of simply asking for referrals:

- Remember that most people like to help other people
- Remind yourself that the worst that can happen is that the client says, "No". That's not too terrible, is it?

Strategy 2: Referral rewards program

Create a simple rewards program and circulate this to your customers. Let's look at a real world example. One of the companies surveyed was using this strategy in conjunction with Client Heartbeat.

They had a reward system which started off as a \$150 gift voucher for one referral (referral being someone that signs up for a support contract), a 55" LCD TV at 10 referrals and a five day holiday to Fiji for 15 referrals!

This is a great example of using tangible and exciting intensives to motivate your clients for referrals.

The More Business Blog put together a [great article on referral marketing systems](#), here are some of their tips:

- Make sure your referral program is not so generous as to eat up all the profit you potentially make
- Your reward, although still allowing you to generate a profit, should be substantial.
- Make the reward contingent on a purchase but not so difficult it is unlikely to happen

Strategy 3: Use Client Heartbeat

A great addition to your referral marketing strategy is Client Heartbeat, a tool that allows you to identify your advocates, automatically encourage them to provide your business with a testimonial and then easily share this to their social networks (LinkedIn, Twitter & Facebook).

Current numbers provided by Client Heartbeat are really positive. A recent report showed 10-15% of the people leaving customer feedback would “go out of their way” to recommend their provider and will write a testimonial [such as this](#), which can be shared via their LinkedIn contacts!

These numbers indicate Client Heartbeat is a powerful tool to not only attract potential prospects and referrals, but also increase brand awareness. The message is being distributed throughout social networks from a trusted connection. Many MSPs are getting these testimonials in front of 2000 - 4000 professionals who they would never had a chance to reach.

This whole process is all automated, low cost and proves to be an effective way to drive new referral business without lifting a finger. Best of all you get a steady stream of reusable testimonials which you can place on your website and in your marketing material.

HOW TO GROW YOUR CLIENT ADVOCATES

By now you have discovered some simple and effective referral marketing strategies. The next step involves effectively growing the list of your clients who would 'go out of their way' to recommend you. In other words, turn your clients into client advocates.

As mentioned previously, the report found that Client Advocacy is driven predominantly by Partnership. So how do you increase partnership?

Client Heartbeat surveyed MSP's with the highest partnership scores and came back with the following:

Quarterly strategic IT meetings

As a managed service provider it is imperative you get out and see your customers face to face once a quarter. Not only is it an opportunity to ask for referrals, but it allows both parties to ensure their goals and objectives are still aligned, and any client concerns are addressed.

Use these strategic IT meetings to reinforce your position as their "outsourced IT team". Make recommendations and suggest improvements that you think will add value to their business.

Unsure about the exact structure for your Quarterly Strategic IT Meetings?

Here's a [sample meeting agenda here for you to download](#).

Go the extra mile and do things for free

Jason Neville, General Manager of R & G Technologies talks more about this point:

“If you come across as purely profit focused, your attempts to provide improvements may come across to a sceptical client as just a way to sell more stuff. Give them something little for free and surprise them. Show them you have been thinking about them in a non profit focused way.”

As an example, R & G created an “internet acceptable use policy” with a place for staff to sign, and had each of the account managers cut and paste their clients’ logo into it. They then emailed it across to their clients saying they thought it would be a useful addition to their employee induction packs.

There was no charge for this and it took the client managers next to no time. By doing these little things, the company was able to show them that they actually cared and were a part of the team.

Go and visit your clients on-site

Sometimes you just need to get some face time with clients to build partnerships. Partnerships are about the client feeling you are part of their business, and to do this you need to show your face! Walk around, chat to a few staff and build rapport. You’ll also learn more about how their staff and company works.

Gordon Tan talks about his experience: “Partnership is about becoming part of your client’s business. The most impressive feat I’ve seen is a senior engineer being invited to a client’s Christmas party. How much face time would this engineer have put in to build that type of rapport?”

Give honest advice & help them learn

Clients want an unbiased trusted advisor and to do this you need to help them learn and similarly, the report found a correlation between MSPs who had high advocacy levels and MSPs who appeared to give unbiased advice and helped **educate** their clients.

Here are some of the things these successful MSPs were doing:

- Monthly client newsletter with ongoing education
- Free client seminars to educate about new products
- In-house training after software upgrades (eg. Office, Windows8)

The more you can educate and teach your client, the more authoritative you become and the stronger your partnership grows.

PUT YOUR CLIENT ADVOCACY PROGRAM ON AUTOPILOT

The results of the study prove that the majority of MSPs are leaving a massive opportunity on the table. While they continue to wage war via SEO, cold calling and magazine advertising the smart businesses first look at the highest quality, lowest acquisition cost leads which come straight from the client advocates right under their nose.

Client Heartbeat can help you drive new leads through it's unique and automated client advocacy program. It works by encouraging your happy customers to leave testimonials. These testimonials are then shared via social networks which can reach an estimated 2,000-4,000 extra eyeballs.

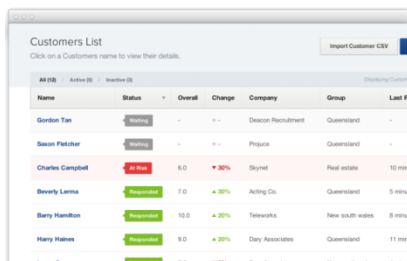
Client Heartbeat offers MSPs two key benefits:

- Generate new leads and sales by turning your customers into viral advocates
- Attract new prospects by putting your referral marketing on autopilot

In addition to client advocacy, Client Heartbeat can:

- Benchmark your performance against other MSPs in your region
- Save you time by automating your customer feedback process

Learn more and request a demo



A screenshot of the 'Customers List' interface. It features a table with columns: Name, Status, Overall, Change, Company, Group, and Last R. The table lists several customers with their respective ratings and status. A 'Click on a Customer name to view their details.' instruction is at the top. A 'Import Customer CSV' button is in the top right.

Name	Status	Overall	Change	Company	Group	Last R
Gordon Tan	Active	8.0	▲ 30%	Decon Recruitment	Queensland	-
Sarah Fletcher	Active	8.0	▲ 30%	Proque	Queensland	-
Charles Campbell	Active	8.0	▲ 30%	Skytel	Real estate	10 min
Beverly Lema	Active	7.0	▲ 30%	Acting Co.	Queensland	5 min
Barry Hamilton	Active	10.0	▲ 30%	Teleworks	New south wales	8 min
Harry Haines	Active	8.0	▲ 30%	Daily Associates	Queensland	11 min
Laura Gray	Active	7.0	▲ 0%	Dani Associates	New south wales	4 min



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