

WHITE PAPER
From BetaSphere

The Five Secrets Of A Successful Launch

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Each year, millions of dollars are wasted when products enter the market ill prepared to meet customer expectations and requirements. Insufficient customer feedback and lack of customer involvement during the development process are the key reasons for unsuccessful launches. Conversely, feedback from customers in your target market is the number one factor leading to successful product and website introductions.

Customer-oriented development organizations have long championed the principle of active collaboration with target users during the development process. But even the most ardent promoters of bringing customers and partners into the product development process confront challenges when attempting to migrate the concept into practice.

Early access programs, alpha and beta programs, pilot programs, and field trials are examples of customer feedback programs. These programs have both quantitative (e.g. find and fix bugs, assess interoperability, evaluate performance, etc.) and qualitative goals (e.g. market readiness, user acceptance, feature set completeness). These programs are logistically complex, and require a high degree of interaction with customers and your development team. While product teams are in many cases well prepared to manage the complexity of developing products, they are typically untrained, unequipped and unprepared for simultaneously managing customer feedback. Successfully validating your product with feedback from your target market will maximize market acceptance and minimize post launch costs. In this white paper we will explore the five key factors leading to successful customer feedback programs. These are the five secrets of a successful launch.

1. Recognize the value of customer feedback during development

Return on investment (ROI) in customer feedback programs can be measured by the following formula: quantity + quality + timeliness of customer feedback divided by program-specific costs + opportunity costs. While maximizing ROI for a customer feedback program is a primary objective, minimizing the opportunity costs associated with under-executed programs is of equal or greater importance. Opportunity costs include unscheduled or costly follow-up releases to “fix” the product, higher than expected support costs, weaker than expected market acceptance, lost customer feedback to validate and endorse the product, and lost marketing feedback to understand importance/satisfaction indicators which drive the development of the next release.

Traditional ROI criteria: For most organizations, baseline reasons for inviting current and prospective customers to evaluate new or next generation products and services include:

- Evaluating and tuning performance across multiple customer configurations and environments
- Obtaining suggestions and requests for enhancements
- Gathering usability feedback and statistics
- Finding and fixing bugs
- Avoiding incompatibilities with complementary products

Newer ROI criteria: Competition, product complexity, and the number of stakeholders in new product introductions are all increasing, while development cycle time is decreasing. These factors have raised the bar by which customer feedback programs are measured to include:

- Gathering feedback for use in marketing and public relations
- Preparing the entire organization for the “real” launch
- Creating word of mouth “buzz” among highly valued, early adopter customers who act as references in the marketplace
- Preparing third party developers
- Preparing the channel (sales force, distributors, retailers, and product and service trainers)
- Forging stronger working relationships with key customers

Execution of a successful product launch begins months before the actual launch, and it starts with successful incorporation of feedback from your target market.

2. Assign adequate resources for effective program execution

The weeks immediately preceding a product launch are typically the most hectic for any product development team. There are literally hundreds of critical activities that must be accomplished. Examples include:

- Finalize the product
- Press and analyst briefings
- Create and print marketing collateral
- Notify/train the sales force and channels
- Complete the documentation

It is a fact of product development that customer feedback programs occur at a time in the development process when product teams are at their busiest. Customers need the maximum amount of attention and support when product teams have the least time to spare. At this most hectic time, additional resources are also required to ensure success of the customer feedback programs. These tasks encompass:

- Program planning and process management
- Target customer profiling, recruiting, and qualification
- Product fulfillment
- Proactive customer engagement, follow-up and feedback management
- Rapid resolution of customer problems, 'preventive' technical support
- Feedback analysis and metric reporting to the product team and management
- Measurement of return on investment (ROI)

Your organization makes an impression with each point of contact, from recruiting, to regular interaction and follow-up, through program wrap up. Customers state that the most unsatisfactory aspect of participating in customer feedback programs is lack of communication from the product or service provider. In the words of one customer: "Give me some assurance that I'm not wasting my time. If my feedback goes unanswered, then I'm not sure if you didn't get it, it's unimportant, or it's being ignored. Raise my confidence level in your company."

Product teams find it difficult to estimate the time, resources, and intra-company (and in some cases inter-company) collaboration required to successfully prepare and execute customer feedback programs. In addition, resources must be available to evaluate program results and prioritize actions. In the vast majority of cases, resource requirements are significantly underestimated and those resources are then siphoned from these critical tasks to accomplish other activities. As a result, the effectiveness of the launch is put at risk.

- Do you know what your target customers really think about your product?
- Are you certain it is easy to use?
- Does it interoperate in the different customer environments?

The only way to know for certain is to ask your target customers – and that requires resources.

3. Define objectives and the right process

The ultimate success of the product launch can almost always be traced to understanding the requirements of your target market. The amount of time initially invested in defining and prioritizing your feedback objectives directly impacts the quantity and quality of information learned. This typically falls into two major categories:

1. Customer feedback objectives and
2. Product team/management objectives.

Customer feedback objectives typically include bugs and showstoppers; ease of installation and ease of use; testimonials; and customer assessment of features, functionality, quality, performance, and overall value. Product team/management objectives typically include achieving high customer participation; identifying and fixing bugs of a certain severity and priority as quickly as possible; verifying system and software compatibility on real-world customer configurations; and testing internal processes (e.g. technical/customer support). It is critical that Marketing, Engineering, Quality Assurance, and Customer Service/Technical Support staff schedule sufficient time to prepare a plan and establish complementary goals. With continually decreasing product development cycles there is no time for rework. Without a set of objectives, the process for obtaining and incorporating customer feedback becomes ad hoc and unpredictable.

Defining the Right Process: A process that is scalable, unobtrusive to the product team, and highly responsive to customers provides product teams with the greatest leverage and flexibility. An ideal program minimizes product team overhead and interruptions while maximizing customer participation, feedback, satisfaction with the process, and ultimately the quality of information received.

The scope of your program (number of participants, their geographic distribution, anticipated technical support requirements, product fulfillment logistics, frequency of upgrades and revisions, product complexity, feedback management processes) establishes your requirements for management and support resources. Even the simplest programs typically require a substantial time investment by a minimum of three to four team members to be effective.

Defining a process for generating the greatest quantity and quality of feedback from customers is arguably the most difficult task, as it requires the greatest ongoing

commitment of time to execute successfully. Methods for managing feedback and problem resolution typically include:

- Proactive, outbound telephone support
- E-mail/newsgroup communication
- Web-based surveys, bug tracking, and feedback management
- On-site interviews

Most organizations have traditionally employed a combination of the first two methods. Web-based communication offers a host of new benefits to both product teams and customers, and the case for making the Web an integral part of customer feedback programs has become extremely compelling. On-site feedback collection, due to its cost, is typically reserved for the most technically sophisticated, high-end products with few customers.

4. Recruit motivated evaluators from your target market

Selecting the appropriate quantity of target customers with the right characteristics is a crucial step in setting up and carrying out a successful program. Recruiting a sample of customers whose system configurations and usage patterns reflect the target market for the product or service should be the goal of any customer feedback program – it is the only way to capture real world, pre-market product feedback and customer experiences which cannot be duplicated internally by any Quality Assurance team.

The first step in developing the appropriate testing group is to define a matrix of target requirements, which includes qualifying criteria such as:

- Knowledge, experience, and usage level
- System configuration and usage environment
- Availability/desire to test and provide feedback
- Testimonial potential

The number of target customers to include in your program is a function of the type of product or service, the aggregate amount of product/service usage you need for meaningful results, and the selection criteria defined above. There is no magic formula. The objective is to create a sample no larger than you can adequately manage, and no smaller than will meet your matrix coverage requirements. In general, you will want to include the largest number of target customers that can be effectively managed and supported.

Incentives: While incentives can support program objectives and serve as a form of appreciation, their success varies depending upon the type of feedback being elicited, the type of product or service being evaluated, and the incentive being offered. More important than offering incentives is recruiting target customers who are motivated to use the product or service, and to provide high quality feedback at the frequency desired. No form of incentive will make an enthusiast out of someone either marginally interested or pressured into participating in a customer feedback program.

Your best incentive plan is a commitment to offer easy to use feedback mechanisms, personal recognition, appreciation, and time for quality feedback. Feedback *to* customers equals feedback *from* customers. Current or prospective customers need to feel their efforts are being well spent, which means they need acknowledgment and support.

Because customers are generally *not* being financially compensated for their feedback, they reasonably expect greater interaction and technical support for their contribution to making your product or service better.

5. Systems and best practices for managing customer feedback

The acquisition, analysis, and distribution of customer feedback are three of the most challenging areas of customer feedback management for product teams. Success depends on process, people and technology.

Most technology companies have not yet made investments to establish an infrastructure for effectively communicating with customers during product development. This is reflected by industry average participation rates of less than 15% during customer feedback programs. For most programs, particularly those that are open to everyone (such as public betas), the overwhelming majority of users who obtain or use the product or service provide no feedback at all.

By contrast, programs that employ advanced feedback management systems and provide the support staff necessary for proactively communicating with customers can consistently achieve participation rates in the 70-100% range, producing substantially greater feedback than industry norms. The good news is that product teams *can* measurably improve participation and productivity, independent of the product or service under evaluation, by focusing on communication and innovative feedback management.

Feedback acquisition, analysis, and distribution: A central goal of effective customer feedback programs is the collection, analysis, and distribution of meaningful data in real time. For collection, this means actively soliciting feedback from customers, as well as providing mechanisms that make it convenient for customers to give feedback. For analysis, this means quantifying and qualifying feedback to inform product team and management decision-making during development. And for distribution, this means presenting structured, organized, actionable feedback as it arrives to feedback stakeholders.

The most important element of being able to process feedback quickly is having pre-defined metrics and categories (e.g. bugs by severity and priority, suggestions by importance, and measurements of customer progress ranging from installation to achieving specific usage levels). The customer graphical presentation of feedback during development can provide a wealth of information to the product team and management, and can objectively represent product performance and customer sentiment at a given point in time.

Conclusion

The benefits of high return, customer feedback programs are numerous and compelling: maximize ROI; validate compelling feature requirements; minimize post-launch support costs; provide proven quality and performance; increase testimonial feedback, usability and target market acceptance.

Given the number of market, technical, and operational risk involved in new product launches, and the financial returns for managing those risks successfully, customer-oriented development organizations are reevaluating their processes for planning and executing high ROI, highly leveraged, and professionally managed customer feedback programs. Customer feedback is essential to achieve a successful product launch!

BetaSphere Profile: BetaSphere is the leading provider of web-based software and customer feedback solutions enabling companies to obtain feedback from their target market for products and services during the development process. Leveraging its web-based software, Feedback Management Server™ (FMS), and feedback management expertise, BetaSphere has streamlined the process of seeking feedback and has bridged the gap between customers and development teams. Since its formation in 1996, the company has managed more than 275 customer feedback programs and has expanded its database of evaluators who participate in client-sponsored programs to over 50,000. BetaSphere's solutions are used by both startups and Fortune 500 companies worldwide including Palm, Xircom, Excite@Home, Sun, Motorola, Hewlett-Packard, ReplayTV and FedEx. BetaSphere is a privately held company headquartered in Palo Alto, CA.

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