

SoftwareCEO Exclusives

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No users group yet? Here's how to start one, or strengthen the one you already have

by [Gordon Graham](#), Editor, **SoftwareCEO**

If you sell B2B software, and don't have a users group, you better get one in 2006.

An active users group can mean the difference between making the sale, and getting cut from the short list — the difference between hearing what your users really want, and shooting in the dark to create a product roadmap.

Users groups come in all shapes and sizes.

But everyone we spoke to agreed on one thing: Whatever your software firm invests in fostering a users group will come back to you, with interest.

That's the message we got from both vendors and users we spoke to recently.

From our discussions, we compiled 25 tips on how to start a users group, how to nurture an existing one, and how to organize an effective annual conference for your software users.

Who needs a users group?

A users group is any community of people sharing ideas about any particular tool that they all use. But do you really need one for your software?

Well, here are four questions to ask yourself:

- Is my software relatively new?
 - Is it complex?
 - Is it expensive?
 - Is it mission-critical?
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- Every "yes" is another great reason to have a users group.

Here's another way to look at it. Can your users go to the corner and buy a book packed with tips and traps, or surf the web and hit half a dozen online forums discussing your software? If so, they may not need a group.

But if your software has no after-market of third-party books, newsletters, training, consultants, and websites to explain it, a users group can fill this gap.

And don't forget: Any software firm can benefit from a detailed reality check on your product roadmap. And there's no better place to get that than a users group.

Is it worth it?

OK, but the real question likely is: Is it worth all the time and money you have to pour into starting one and keeping it afloat?

"I'd say you can't have a software company without one, it's that important," says Bassem Hamdy, director of marketing and product management for [Computer Methods International Corp. \(CMiC\)](#) in Toronto.

CMiC has more than 50 of North America's leading construction firms using its software to run their operations and manage their projects.

Founded eight years ago, its users group is an independent body that sponsors [an annual conference called CMiC Connect](#).

"If you don't have a users group that's meeting once a year, you don't have a software company, especially in the B2B environment," says Hamdy. "It's that significant."

Are there any dissenting views?

"If we didn't have ours, would we not be here?" asks Joel Tesdall, CEO of [Mapcon Technologies Inc.](#) in Des Moines, Iowa. Mapcon makes software for maintenance management used by everyone from local schoolboards to [United Airlines](#).

"That's possible. That's one of those crystal-ball questions. I don't know."

Mapcon released its first software 20 years ago, and its users group started just four years later. October marked the 16th annual conference organized jointly by the company and the non-profit [Mapcon Users Group, Inc.](#)

"I would think that an active, functioning users group is one of the most valuable assets a software developer can have," says Ed Johnson, president of the group.

A real-world example...

Here's a real-world example of the power of a users group.

[Technology Group International](#) (TGI) from Toledo, Ohio, makes an ERP system aimed at the SMB market, and even distributes source code that clients can tweak.

Sales have grown more than 400 percent in the past two years.

"It's been a good couple of years," says Rebecca Gill, TGI's VP of marketing. "We've been adding in things that are market-drivers, and really listening to our customer base. Who knows better what to put into the software than the users, right?"

Just last year, on the request of their growing client base, TGI started an annual user conference. The first was in Orlando last February; the second just last week in the same spot.

Each participant pays \$995 for [three and a half days](#) of tips, speakers, and a chance to share their wish-list with company executives. And the company is happy to subsidize a significant part of the conference costs.

"At our conferences, we really listen to what our customers want. Zeroing in and putting that into the product has really helped us from a sales perspective," says Gill.

"We're really geared for smaller companies to purchase our software, and then grow with us for the next 15 years. The system is designed with a lot of switches to turn functionality on and off, so our customers don't have to come back to us to change the code."

Of course, flipping software switches takes some learning, which made TGI a natural candidate for a users group.

Remember our four questions listed above? TGI's ERP system is relatively new, complex, and mission-critical — even if it is affordable — so users can really benefit from each other's help.

And TGI gains from having their roadmap validated, and hitting the bulls-eye with another set of bang-on product improvements.

Does Gill have any advice for smaller companies like hers that don't yet have a users group?

"It does take a lot of planning. But the benefit they will derive is definitely worth the effort of doing it. Just take as much feedback from customers as you can. Try to listen, and be as responsive as you can, and you'll make your user base happy."

That's the same story we heard over and over again.

Nine steps to starting a users group

(If you already have a group, skip to the next section.)

You don't have to be **Oracle** to have a users group.

And if you do have one, it doesn't have to be as grandiose as the **Oracle Applications Users Group** — one of the grand-daddies of them all, that claims members from 25 of the Fortune 100.

In fact, many vertical-market and niche software vendors have a users group that provides solid benefits to themselves and their users.

Not sure how to start one?

I've actually done it, and been active in several other users groups. Combined with what I heard researching this article, here's a set of logical startup tips.

Users group startup tip #1: Decide on your structure.

There are three main ways to fund a users group:

- a totally independent third-party corporation or non-profit, supported by member's fees,
 - a group completely under your wing as a vendor, or
 - somewhere in between, most likely a nominally independent group that you help support.
- The third option is probably the most common.

A software firm can support the group with outright donations, or administrative help handling conference registrations or booking hotels rooms. You can host the group's website as part of your

own.

However you structure it, deciding your company's preferred level of involvement from the outset will avoid confusion later.

Users group startup tip #2: Call a founding meeting somewhere your users will be anyway.

In other words, piggy-back on an industry event.

A likely event is the largest trade show or annual conference for your industry, or the AGM of the association that all your members belong to. However you do it, zero in on a time and place where a big chunk of your users will be.

Book an evening, or a lunch, or a timeslot when there's nothing else crucial going on; you know, nothing crucial like a supermodel and a former president giving a joint keynote address.

Users group startup tip #3: Publicize the event throughout your user base, and your industry.

Don't be shy. Tell everyone.

Count on five to 10 percent of the people you tell actually showing up. If you do any better than that, you've hit a real vein of interest.

Users group startup tip #4: At the meeting, pitch the benefits of a users group.

You can't expect everyone to know this by heart.

Paint a compelling picture of what's in it for them, including:

- help with problems,
- a hand in drawing up the product roadmap,
- access to executives and programmers from your company,
- networking with fellow users, and
- a source for free training and support.

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Users group startup tip #5: Make it clear upfront who's driving the bus.

Be clear. Don't leave the meeting without someone in the driver's seat.

Tell your users that if they want the benefits of a group, a certain number of them will have to put some energy into it, depending on your decision in step #1.

Your company will help, but you probably need them to drive it.

Users group startup tip #6: Make sure a core group of people are always riding the bus.

Four to six people should be enough; they can select a president or chairperson among themselves.

Once you have a core group, help them start a newsletter, online forum, website, or whatever they think will help get the group off the ground the fastest.

The first year or two will be vital; you want the group to get to a critical mass so it becomes self-sustaining, and doesn't burn out everyone involved.

Users group startup tip #7: Keep the bus fares low.

At the start, you want numbers, not dollars.

Many groups charge \$25 or so for individuals, or a few hundred for corporate memberships. That should be enough to get you started. Be prepared to shell out to subsidize the group until it's established.

The good news is that all the typical expenses — conference calls, online forums, webinars, and sending out PDFs instead of mailings — have gotten a lot cheaper in the past 10 years.

Users group startup tip #8: Promote, promote, promote.

Once it's getting started, make promoting the users group a standard operating procedure for your sales and marketing people.

"The company touts the existence of the users group whenever they go to a trade show. They take our brochures everywhere they go," says the Mapcon users group president Johnson.

That's not the same as inviting prospects to an event, which can create conflicts. Make it clear that to join the group, they have to buy your software first.

Users group startup tip #9: Tell all your clients, old and new.

Set up a system to remind every new buyer of your software about the users group.

"I'm the first person notified when they consummate a sale," says Johnson. "We have a welcome package that we keep updated, and mail out to new users to offer them any of the resources that we have."

You could also send an e-mail or postcard to every new client as a standard part of your registration process. If you're still shipping software in boxes, or with a stack of printed documentation, include a flyer from the group in every shipment.

And remember to promote the new group to all your existing clients as well.

How to strengthen an existing group

Once your users group is set up, here are some tips on how to nurture and strengthen it, and how to hold a successful conference.

Users group strengthening tip #1: Don't turn your users group into a marketing boondoggle.

Even if you run a captive users group, don't treat it just like another sales channel.

Members join for useful information, networking, and help solving problems. They don't join to hear a sales pitch.

"Most software users groups that I've been to tend to be a marketing forum for the company," says Mapcon's Tesdall. "They own the users group, they have everyone come out, and they try to get you to buy more stuff."

"My advice would be not to put it together as another marketing arm of the company, because that's going to drive people away when the word gets out."

Everyone we spoke to agrees.

Users group strengthening tip #2: Relax, and let your users sell each other.

In fact, your users are your best sales force.

"For new users, it's great," says Tesdall, "because they can talk with people who've been using the software in different ways, or for much longer, and see what they've done. They can learn from the trials and tribulations of others."

They may learn how to tweak the software beyond how it works out of the box, or how another module would help solve a certain problem they have. Sales of add-ons and upgrades are often sparked by fellow users.

"That comes back to us, and we do get some financial gain out of it," says Tesdall.

Users group strengthening tip #3: Don't mix prospects with users.

It may not be wise to invite prospects to group events.

"When you have a user conference, it should be just that: a user conference," says Danny Bensley, president of the CMiC users group.

For his day job, Bensley is CIO at [Hardin Construction](#), an award-winning contractor founded in 1946 and based in Atlanta.

"You've got to focus on the users. Software companies have a tendency to have prospects attend, but I've never felt that was a good mix," he says.

"We don't allow CMiC to send prospects to any of our meetings. We focus on the users, and we ask that they do the same thing, and they respect that."

Users group strengthening tip #4: But don't be shy about telling prospects that the group exists.

Many companies do that on the very first sales call.

"We use our user community right from day one," says CMiC's Hamdy. "It's first and foremost during the early sales presentations.

"To be able to say, 'Talk to the CIO of a top 50 construction company, who happens to be the president of our user community.' — that's a huge selling feature for us.

"You know how sales works, they can always take us with a grain of salt, but when they hear it from the horse's mouth, it's a little bit easier."

Users group strengthening tip #5: Do discuss your product roadmap. And most of all, ask for input from your users.

Talking about future plans for your software will be music to your users ears.

And their comments will be invaluable.

Better communication with your users is a two-way street that benefits everyone. The group gives you better advice on where to sink your development efforts, while your customers get a more formal platform for making suggestions.

"Without an active users group or conference, I really don't know how a dozen people sitting in a room can determine the path of a software product," says Mapcon users group president Johnson.

His company, **WCI Steel** in Warren, Ohio, has been instrumental in four big modifications that become part of the Mapcon software. "I saw the need to manage those things through this software plant-wide, and Mapcon built the programming, and the next major release, there it is," says Johnson.

That helped his company appreciate the value of the group, and support his deep involvement in it.

Others echo the same sentiment.

"Obviously, any software company needs that feedback," says CMiC's Bensley.

"Unfortunately, I've seen software companies that could care less about that input, and it just doesn't make for a good relationship. It doesn't make for good reference-able customers, and I don't really think it makes for a good product in the long run."

Users group strengthening tip #6: Commit to adding the features your users want.

Good intentions are not enough; you have to come through with what your users want.

CMiC sends people to every users group meeting to listen carefully to what their users want — and then promises to implement a certain number of them.

"We get a lot of good ideas from our customers," says Hamdy. "They have round tables during the conference, where they discuss what would be great for the next version, and we commit to do a percentage of those items."

Exactly how much of the conference wish-list does his firm promise to implement?

"We say we're going to do the top 50 items. And we deliver about 90 percent in the next version," he says. Wow.

"In some cases, these are things that we would have done anyway; in some cases, they're just mathematically impossible. But we try to pick up as much as possible. It's quite a commitment for us."

Users group strengthening tip #7: Don't worry about giving away services; your investment will come back to you.

Sometimes you have to give to get.

"Don't be so concerned about making money off your users group," says Tesdall from Mapcon. "A lot of companies will be concerned about giving services away, you know, training, or fixing problems that you may be able to have them bring you on-site to fix."

His advice is not to worry: It will all come back to you.

"As far as our return, I don't have any specific dollar amounts, except to say that in our 16 years of experience, it's been extremely beneficial to us."

He says to remember the basic concept of a users group.

"The number one benefit is the relationships we gain with our users. Our users aren't just clients; most of them are our good friends."

And if that means forgoing a little immediate cash to build a more loyal customer base, it's likely worth it for the long haul.

Users group strengthening tip #8: Don't try to make money on your user conference, but don't break the bank.

Most users groups sponsor one annual gathering of the clan, generally an event spread over several days.

Of course, there are significant costs involved.

CMiC's Hamdy estimates that he spent \$60,000 — about eight percent of his marketing budget — on last year's user conference.

Attendees paid \$485 each for the two and a half day event. Member companies pay \$300 annual fees each, and nine out of 10 of CMiC's clients belong.

"I was talking to some folks about how they make money on their user conferences," he says. "But I know how they're doing it. They're skimping here, and skimping there. We budget a significant amount. Yes, our users pay some, but we subsidize the vast majority of the costs."

As well, his firm sent 36 people to last fall's conference, including everyone from sales, marketing, support, product development, and the company executives. "We send anyone who's client-facing," he notes.

With 250+ participants, the group was able to take over the entire [SeaWorld](#) in San Antonio on a Monday night, making a great memory for everyone.

Users group strengthening tip #9: Hold your conference at the right time.

There's a reason why most users groups meet in the spring or the fall.

"You can't do it in the summer," says Hamdy, as he runs down the options. "And then you have year-end, and Thanksgiving, and Christmas. No one wants to do it in January."

"You could do it in October, depending on where you're going, but not if you're anywhere in Hurricane Alley. So that pretty much leaves March, or September."

Yep, that's about it.

Users group strengthening tip #10: Hold your conference in the right place.

Every location has its pros and cons.

The CMiC has tried numerous different towns, from Toronto to Las Vegas. Attendance last year was 225 people from 65 client firms: a great turnout, but not enough to wield much clout in a big city.

"When we did Las Vegas, we were just a pea in a very large bowl," says Hamdy. "But the smaller venues like San Antonio, Texas and New Orleans [before the flood] treated us great. We're a significant-sized conference for a hotel there. In Vegas, the hotels just don't care."

Another plus for a smaller location is fewer distractions for participants.

"The best part of San Antonio is that everyone socialized. You had 100 people at a bar all from the CMiC Connect. In Las Vegas, you can end up halfway down the strip, or gambling, or whatever. So it's just not the same community feeling."

Of course, Vegas has one big plus: cheap hotels and cheap food — although certain extras like high-speed internet access can be pricey.

Mapcon held their users conference in different cities for years, but they finally came to rest in Des Moines, Iowa, where the company operates.

Why there? The company can help with flights and hotel reservations, the users are as happy there as anywhere else, and lots of staff can attend at little cost.

Users group strengthening tip #11: Put together the right program.

More than anything else, the program really determines how successful any users group meeting will be.

Most meetings are a combination of tips and experiences from users, presentations from the vendor, and lots of time for both to share ideas back and forth.

The program often has to engage people from C-level executives to end users, and in various industries. That can mean adding tracks focused on different concerns.

"If you're going to have one a year, you're going to end up with an audience that includes end users, CIOs, CFOs, and perhaps even COOs," says Bensley, himself a CIO interested in higher-level issues than how to use the software.

"I can't go and sit through payroll sessions, and job-cost sessions, and how to administer security for the product," he says.

"In our case, CMiC software represents a substantial portion of our technology. So I want to walk away with an understanding of where CMiC is going. I think it's very important that they talk about future releases and directions."

His users group has an interesting approach, with their sessions defined by tracks, vertical industries, and knowledge level (either beginner or advanced). [You can see a PDF of last fall's conference schedule here.](#)

Users group strengthening tip #12: Give your attendees real take-away value.

Think trade show, and everyone thinks bags full of promo items.

But your users may want to take home something even more valuable, like a solution to a nagging issue.

That's why most users groups go light on stuffed animals, and heavy on information, such as handouts from every presentation, perhaps in a conference binder.

"We try to give them a lot of information," says Mapcon's Tesdall. "We give them a book and other materials to take back.

"Last year we asked people to bring an actual problem they wanted to solve, and work through it in a workshop, and take the answer back. That proved they'd gained something from the meeting, and was justification for coming the next year," he says.

Other groups offer their own variations on this theme.

"We try to make it worth their while to come," says Gill from TGI. "It's not just to schmooze."

Beyond giving everyone materials to take home, her company last year topped that off with an unbeatable offer: a free, on-site ROI workshop.

"That was something our president offered: for a senior management person from our company to go on-site and make sure they were getting the most out of the software, free," says Gill. "That's \$1,500 worth of consulting time, plus travel."

The majority of the companies at the conference took them up on that offer; incredibly, some didn't.

Users group strengthening tip #13: Supplement your conference with other options, like webinars, or conference calls.

An annual conference isn't your only option.

Another is to hold webinars, or plain old-fashioned conference calls.

"Early on, when we were a small company, it was very difficult to get people to the conference. They really did see the relationship almost ending after they went live," says Hamdy from CMiC.

Today, the group still has its annual conference, but they supplement that with topic-driven meetings twice a year, and a monthly conference call.

Users group strengthening tip #14: If your group is big enough, encourage special interest groups (SIGs).

There are other ways to slice a group; one is by special interests.

If your software is pretty much "one size fits all," you may never need special interest groups.

But if your software comes in all different flavors — perhaps tuned to different vertical markets — SIGs enable birds of a feather to flock together.

For instance, the OAUG [has 60 different SIGs](#), on everything from the Oracle Applications Desktop

Integrator to web services. OAUG defines a SIG as a group "focused on one particular aspect of Oracle Applications... whether the group works with a particular application, or in a particular industry."

If your customer base is expanding, and your users group numbers many hundreds or thousands of members, it's time to look at sponsoring or suggesting some SIGs.

Each SIG tends to have its own online forum for members to exchange tips and ideas. You can set up an online forum free, through services such as [Yahoo! Groups](#).

Many SIGs have at least one get-together — or even a special track — at the annual conference. Some charge a nominal amount to join; many are free.

Users group strengthening tip #15: Encourage local chapters to form.

Another natural way to encourage a group to grow, or to segment a larger group, is by location.

If your users don't mind coming out to a once-a-year event — or they're content to meet through an online forum — you may not need geographic chapters.

But if you have a big concentration of users in say, Chicago, you might want to encourage them to meet locally.

It's a lot easier for keeners to get together once a month in a local school auditorium, or at a pub for "beers with peers," than wait until the next annual blow-out.

A typical users group chapter meeting features a member describing how they solved some special problem, and lots of time for Q&A and networking. Some chapters invite third-party vendors, or hold their meetings on a dealer's premises.

Nothing can help cement a deal better than to say, "Oh, you're in Chicago? We have a very active chapter of our users group there. Here's the president's phone number."

You've just handed your prospect a gold-plated reference, plus a free source for training, technical support, and maybe even a pool of new hires who already know your software.

Users group strengthening tip #16: Move beyond the group to influence your entire industry.

Here's a final challenge that at least one of the companies we spoke to has set for itself.

"In the evolution of user communities, we're at a much later stage than a lot of other software companies," says CMiC's Hamdy. "We're not still trying to get people out to the conference; it's already instilled in the culture.

"For our next stage, we're looking at our customer base almost as an industry advisory."

Beyond construction and engineering firms, his company counts many building owners, municipalities, and utilities among its clients.

"We're using our influence in all those types of companies to really design where the industry is going," he says.

"There's been a lack of productivity in construction, and we're looking at ways of making that better for

the industry as a whole."

In effect, he's talking about defining best practices and norms for his entire sector, about turning his whole industry into a users group for CMiC software.

Well, why not?

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