# Adding Value

## *Using Technical Communications to Cut Costs and Build Sales*

Technical communications should contribute to a company's bottom line: they should cut costs and build sales. User guides, help systems, tutorials, installation guides, and quick start guides should be an integral part of products and services: the knowledge required to set up and use those products and services. Technical overviews and white papers play an important role, too. They should provide the knowledge necessary to understand how technologies, products, and services work, how they deliver business value, and why they are compelling investments. Technical communications have great potential to make companies more profitable.

To cut costs and build sales, we must do more than develop a user guide, help system, or tutorial with the latest desktop publishing tool, help authoring tool, or content management system. These tools help cut the costs of developing and maintaining technical communications, but they do not cut other costs associated with product development, marketing, sales, installation, training, and support. They do not build sales, either.

To cut costs and build sales, we must understand the need for the technical communication; we must measure how well we meet that need; and we must make sure that the technical communication adds more value than it costs to produce. In other words, we must assess needs, establish metrics, and make a business case to show that the technical communication will improve profitability.

Before we examine those topics, let's look in greater detail at how technical communications can cut costs and build sales.

### *Cut Costs*

> According to the Consumer Electronics Association, product returns represent a $10 billion-dollar-a-year problem for the consumer electronics industry. Technical support costs are spiraling (even with the migration to off-shore providers) while consumer satisfaction with this support is plummeting. New technology and expanded offerings to a stabilized market are increasing competition. What can manufacturers do to help combat these problems? Better consumer manuals are a start.[1]

Knowledge problems are the source of many costs. Customers need knowledge to set up products, use them efficiently, and take full advantage of their capabilities. Developing, marketing, and supporting products also require knowledge.

1 Manual Labour, Inc., *What Do Your Manuals Say About Your Company,* page 1 (2009). The white paper is available at: http://www.manuallabour.com/symposia.htm

To design products, developers need information about users' needs. Sales people must have the information necessary to close sales without wasting resources. Support people need information to solve problems quickly and efficiently.

Knowledge problems are costly: developers who lack knowledge of users' needs will design products nobody wants to buy. Sales people who lack the knowledge they need to sell efficiently will lose customers. Customers who lack the knowledge they need to set up and use products will overload the technical support staff or return the products. Support people who cannot solve problems efficiently will send support costs skyrocketing.

The solution to problems caused by lack of knowledge is to quantify the cost of the problem, identify the knowledge required to solve the problem, and provide the knowledge in a cost-effective way. Technical communications are a great way to cut costs by solving knowledge problems.

***Example of Reducing Sales Process Costs***

*A hypothetical company sells a product based on several new technologies. The company's prospects know little about the technologies. The prospects will not believe the company's product claims until they understand the technologies upon which the product has been built.*

*The company's sales and technical personnel spend two hours educating each prospect. On average, there are 10 prospects per week. The average cost per hour, including salary and overhead, of sales and technical personnel is $80. The total annual cost of educating prospects is $83,200 (2 hours x 10 prospects x $80 per hour x 52 weeks).*

*If a technical communication can reduce the time that the company's sales and technical personnel spend with each prospect from two hours to 30 minutes, the company will save $62,400 per year of sales and technical personnel time. If the cost to develop the technical communication is $12,000, the company will save over $50,000 in one year.*

***Example of Reducing Product Support Costs***

*Manual Labour, Inc. gives a dramatic example of the relationship between technical communication and product support. They use a typical consumer electronics manual, which costs around $25,000 to develop, as an example. If the manufacturer receives 200 support calls per month to answer questions about an electronics product and each call costs an average of $97.50, the cost per year of product support is $234,000. A good product manual that eliminates 10 percent of the support calls will save the company $23,400 per year: over 93 percent of the cost to develop the manual. An even better manual that eliminates 20 percent of the support calls will save the company $46,800 per year: $21,800 more than the cost to develop the manual. On the other hand, a poor product manual that results in 20 percent more calls to product support will cost the manufacturer an additional $46,800 per year.*[2]


*A small investment in the product manual to reduce the number of support calls will cut total product costs in a big way.*

## Unintentional Cost Transfer

Companies sometimes try to control costs caused by knowledge problems not by solving the problems but by cutting costs resulting from the problems. This approach leads to unintentional cost transfer. An operating area within a company cuts its costs by taking an action that creates costs in another

2 Manual Labour, Inc., *What Do Your Manuals Say About Your Company*, pages 10-11 (2009). The white paper is available at: http://www.manuallabour.com/symposia.htm

operating area. For example, costs cut in manufacturing may increase costs in customer service. The result for the company may be a much smaller cost reduction, no cost reduction, or a cost increase. Because the cost transfer is uncontrolled, the result may be far worse than the original problem. Sales may plummet; support costs may explode. Technical communications can solve problems before the temptation to transfer them becomes irresistible.[3]

## *Build Sales*

> We're not interested in saving two people off a headcount if we can reduce our cancellations by two-thirds and have 40 percent of them renew.[4]

Companies usually design technical communications to meet customer training and education goals. Good technical communications often help achieve sales goals too. But technical communications *designed* to meet goals in sales as well as in training and education make a bigger contribution to the sales process. Consider these examples:

- A prospect for a network security product makes a purchase decision after reading a technical overview that explains the technologies used to protect networks from attack.
- A prospect for a business productivity software product makes a purchase decision after examining a demonstration version of the product and reviewing the e-learning tutorials, which show how easy business productivity tasks are to learn.
- A prospect for a software development kit makes a purchase decision after testing a demonstration version of the product and its help system, which highlights the product's strengths.
- A prospect for a consumer electronics product makes a purchase decision after downloading the product's user guide from the vendor's website and reviewing the product's capabilities.

To see how technical communications can build sales, we will look at goals in a simple sales process.

### The Sales Process

> To close deals, salespeople must establish value in the minds of all stakeholders at just the right points in the sales process.[5]

The sales process resembles a funnel with prospects at the top and customers at the bottom. The figure on page 4 shows a simple sales funnel with eight steps. The process begins with the prospect contact and ends with the customer using the product. Many different sales processes exist. For example, selling customer resource management software and selling laser printers involve different processes.[6]

Regardless of the individual steps in the sales process, the fundamental goal is to increase the sales volume.

3 For more information about unintentional cost transfer, see: Janice Redish, "Adding Value as a Professional Technical Communicator," *Technical Communication,* November 2003 (Vol. 50, No. 4), pages 505-518, and Impact Technical Publications, *Winning the Financial Whack-a-Mole Game* (2009): http://www.ImpactOnTheNet.com/whacamole.html

4 Steve Burnett, Vice President, American Home Shield, as quoted in *Sales and Marketing the Six Sigma Way,* Michael J. Webb, page 25 (Kaplan, Chicago, 2006).

5 Robert W. Bly, *White Paper Marketing Handbook,* page 52 (Thomson; Mason, Ohio; 2006).

6 Michael J. Webb discusses sales processes in *Sales and Marketing the Six Sigma Way* (Kaplan, Chicago, 2006).

### Increase the Sales Volume

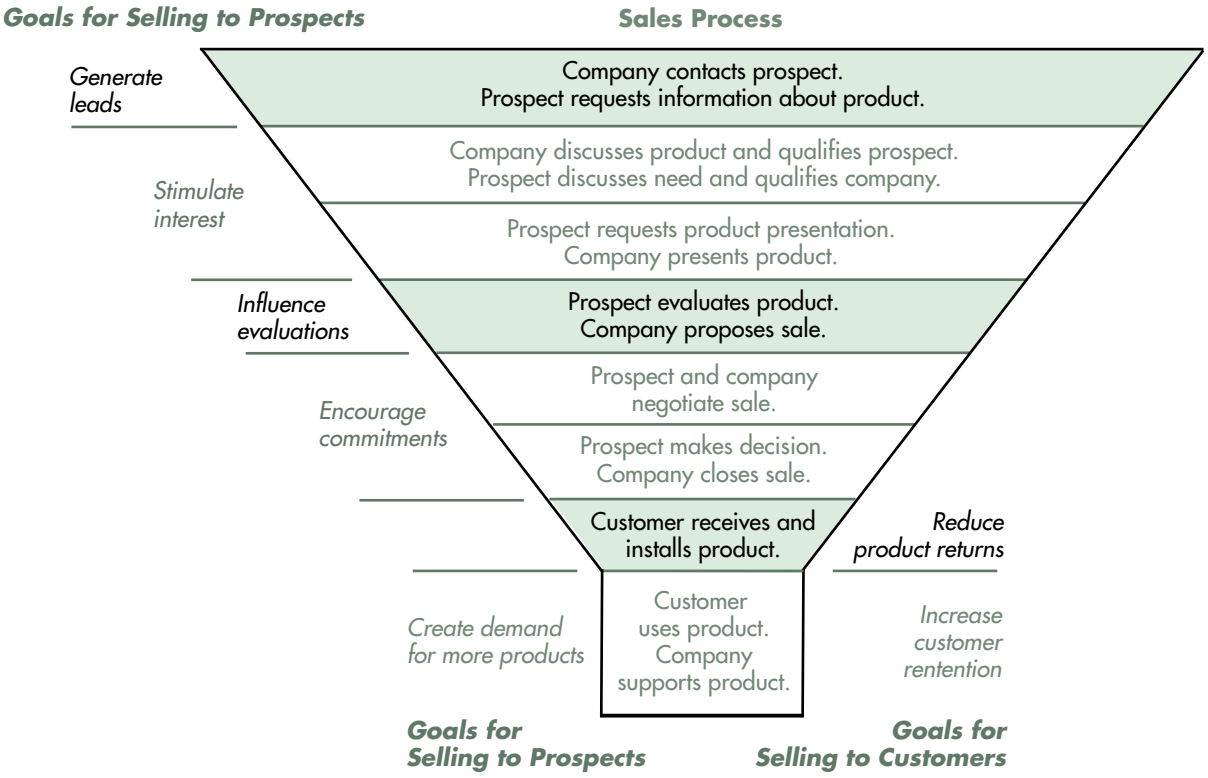
To sell more, a company must increase either the number of qualified prospects or the rate at which it converts qualified prospects to customers. Increasing the conversion rate involves eliminating leaks in the sales funnel – obstacles that prevent prospects from moving down the funnel and making a purchase.

The sales process on this page 4 has seven goals that help increase the sales volume. Five goals involve selling to prospects: generate leads, stimulate interest, influence evaluations, encourage commitments, and create demand for more products. Two goals involve selling to customers: reduce product returns and increase customer retention.

Let's look at ways in which technical communications can achieve three of the goals: *create demand for more products, reduce product returns,* and *increase customer retention.* For information about how technical communications can achieve all seven goals, see the Impact Technical Publications white paper *Building Sales with Educational Media.*[7]

> Users of technology products, from cell-phones to e-commerce websites, often stop learning and adopting features at a level well below the full capabilities of the product. The plateau usually happens when the user has met his minimum adoption criteria, and the benefit for further adoption

7 Go to: http://www.ImpactOnTheNet.com/sales.html




*Funnel diagram of a sales process showing five goals for selling to prospects and two goals for selling to customers*

> doesn't seem to be worth the extra effort or risk.... In these cases, where adoption curves flatten out at sub-optimized levels, companies miss out on revenue from additional fees or sales.[8]

Technical communications have great potential to generate revenue from license fees or sales of add-on products and features. The key is for technical communications to make those add-ons easy for users to find, desirable to purchase, and easy to learn. When building sales is a goal, technical communications should be *designed* to help sell add-ons.

Retaining customers is another way in which technical communications build sales. Customers who have trouble using products are likely to return them. If they keep the products, they are unlikely to buy upgrades or additional products from the same company.

By providing the knowledge customers need to learn how to use products, technical communications increase customer satisfaction and encourage repeat business.

***Customer dissatisfaction***

*According to "How to Profit from Customer Dissatisfaction – A White Paper" by the Verde Group, customer dissatisfaction places 20 percent of a typical North American company's revenue at risk. Companies that correct fairly simple problems with service and quality can retain 70 percent of the at-risk customers. The findings are based on studies conducted from 1999 to 2004 involving 25,000 people.[9] Good technical communications help minimize customer dissatisfaction.*

8 Michael Hughes, "Progressive User Adoption," *Intercom,* July/August 2009, pages 19-20.

9 To order the white paper ($250), go to: www.verdegroup.ca/report_order_form.htm

Now that we have examined how technical communications can cut costs and build sales, let's look at how to achieve those goals: how to access needs, how to establish metrics, and how to make a business case that shows a technical communication will improve profitability.

## *Assess Needs*

The process of developing technical communications that cut costs and build sales starts with assessing needs. What goals do we want to accomplish and what audience must we reach to accomplish those goals? The needs assessment is critical: it drives decisions throughout the project.

Companies sometimes assume they know their technical communication goals, and they skip the needs assessment. That is a great way to decrease technical communications' value and increase their cost.

What are our goals? Do we want to reduce training and support costs? Do we want to generate revenue from add-on products? Do we want to generate revenue by charging for a technical communication? Do we want to attract investors?

After we have identified our goals, the next step is to identify the audience we must reach to accomplish our goals. The users of the product are most likely part of our audience. Prospective customers may be an important part of our audience. Maybe venture capitalists are in our audience.

After identifying the members of our audience, we should analyze them. The audience analysis drives major content decisions such as what information to include, how to organize information, and how

technical to make concepts and tasks. What education, training, experience, and skills do audience members have? What media are they likely to use? Do they have technical communication phobias?

Armed with our audience analysis, we are ready to develop strategies to achieve our goals. We should pay attention to audience problems such as difficulties understanding the subject matter, reluctance to consult technical communications, and so on. We should think of strategies that will help us overcome those problems. For example, a quick start guide or job aid may provide basic information to audience members who are reluctant to consult help systems and comprehensive user guides.

Until we have identified goals, audience, and strategies to achieve goals, we won't have the information we need to make cost-effective decisions about the best way to deliver knowledge about the product. Knowing our goals, audience, and strategies, we can make maximum use of our resources.

***Goals Drive Decisions***

*Goals should always drive decisions. One of those decisions is selecting the medium (or media – we don't have to choose just one) through which we deliver knowledge. If we choose the medium before we define goals, the medium will drive the development of the technical communication. Goals will be secondary.*

*Let's look at an example. Impact Technical Publications worked with a Fortune 500 client to develop customer self-installation installation guides for DSL (digital subscriber line) service. Until the guides were released, all DSL service in the U.S. was installed at customer sites by data technicians – a very expensive and resource-intensive process.*

*The hardware for the client's first DSL service included a DSL router connected to a customer's computer through a network interface card. At that time, many personal computers did not include a network interface card. Customers had to install a network interface card as part of the DSL installation process. Network interface cards were a commodity item with low-quality installation instructions. The client's usability testing showed that most customers had trouble installing the cards. If customers could not install the cards, they could not successfully install the client's DSL service.*

*The DSL project team felt that the DSL installation guide should not explain how to install a network interface card. That was the job of the network interface card's installation guide.*

*The problem: the DSL team was more concerned with the medium – the DSL installation guide – than with the goal. The goal was simple: give customers the knowledge they need to successfully install their DSL service.*

*As soon as the DSL team focused on its goal, it realized that the DSL installation guide should include high-quality instructions for installing a network interface card.*

## *Establish Metrics*

Establishing metrics in areas where we want to cut costs or build sales gives us measurable goals to judge the success of technical communications.

To establish product support metrics, we can work with the product support team to identify customer complaints and common problems. For each complaint or problem, we can quantify the number of support calls per week and amount of time per call. After developing a help system, user guide, software wizard, or whatever else users need, we can check whether product support receives fewer complaints and support calls and whether the amount of time per call has gone down.

To establish sales metrics, we can work with the sales department to identify problems during the sales process. Are prospects reluctant to make purchases unless they talk at length with product developers? If so, we can quantify the time. A white paper or multimedia presentation may replace the developer's role in the process. After we develop a technical communication to solve a problem, we can check whether the metrics show improvement.

If we don't have metrics that show the magnitude of problems in product support, sales, and other areas, we may focus on cutting technical communication costs rather than solving problems. Cutting those costs is self-defeating if costs increase in other areas.

### Measure Value by Testing Users

If we can't find reliable metrics to support our technical communication project, we can create them by testing users. For example, we can separate users into two groups and test product use. One group has current product documentation. The other group has either older documentation or no documentation at all. We can then compare how often the test subjects in each group ask for help. I am indebted to Ellis Pratt for this idea. He suggests:

> To one group, you give your product to install and use for a period without documentation. To the other group, you give the product with documentation. Once you have done this, you ask each participant: (a) For what price should this product be sold? (b) What monetary value would you place on the documentation? Those who had the documentation should value the product more highly that those who didn't. The difference between the two prices gives you one indication of the monetary value of the documentation.[10]

For information about do-it-yourself usability testing, see the Impact Technical Publications article *Usability Testing on a Shoestring Budget.*[11]

### Gather Statistics

As we develop technical communications, we should gather statistics to demonstrate that we are achieving our goals.

> Managers should consistently gather statistics of issues that have been resolved by the documentation. They should collect customer questions that were answered by technical communicators and any positive feedback about the deliverables. If the documentation or other deliverables are available online, web-tracking software can track the number of visitors to the page. These statistics prove the worth of the deliverables and will help a manager build a case for the value of technical communication.[12]

## *Make a Business Case*

> In a survey we carried out in early 2009, we found that very few documentation managers were clear on the benefits of what they were producing, and very few measured the benefits of their outputs in any meaningful way. For example, they found it hard to say how many users they have and how much content they produce. They struggled to measure how users regard the documentation they produce, yet, they all felt confident they were producing what users needed.[13]

10 Ellis Pratt, "A Different Perspective on Measuring the Value of Technical Communication," *Intercom,* July/August 2009, page 16.

11 Go to: http://www.ImpactOnTheNet.com/test-use.html

12 Hannah R. Kirk, "Enhancing the Perceived Value of Your Technical Communication Department in Hard Times," *Intercom,* July/August 2009, page 9.

13 Ellis Pratt, "A Different Perspective on Measuring the Value of Technical Communication," *Intercom,* July/August 2009, page 15.

Many companies view technical communications as expenses to be reduced whenever possible. As the quote above makes clear, the people who produce and manage technical communications are often to blame for this mistaken perception. We must show that technical communications are opportunities to cut costs and build sales. One of the best ways to demonstrate value is to make a business case for a technical communication project.

A *business case* is a justification for a business project. A business case compares the costs and benefits of the project and shows that the benefits outweigh the costs. Most business cases include a financial analysis. Companies prepare business cases for expensive projects to ensure that the return on investment justifies the cost. Preparing a business case is often a good idea even when a company does not ask for one. The business case communicates the value of a project to senior management in the financial terms they prefer.

Preparing a business case for a technical communication project helps team members focus on the project's value to the company (cutting costs and building sales) rather than on their own interests.

For an excellent introduction to business cases, see Jack Molisani's article *How to Build a Business Case.*[14]

14 Go to: http://www.prospringstaffing.com/resources.php

For information about developing a business case, see the Impact Technical Publications *Business Case Primer.*[15]

## *Create Opportunities by Adding Value*

> When I switched one documentation department from an overhead to a revenue generator, it completely changed the way the documentation, and the people who produced it, were perceived. Budgets were increased, innovation was encouraged, and members of the team were given the opportunity to apply their skills across the organization.[16]

When companies know that their technical communications are improving profitability, those communications evolve from unwanted expense into valued investment.

The people who produce and manage technical communications evolve from expensive overhead – prime candidates to down-size and off-shore – into valuable contributors. They help develop new business and make existing business more profitable.

15 Go to: http://www.ImpactOnTheNet.com/bcprimer.html

16 Alan J. Porter, "Should Customers Pay for the Manual?" *Intercom,* July/August 2009, page 23. Porter discusses pros and cons of charging customers for documentation.

### About Impact Technical Publications

Impact Technical Publications, founded in 1990, is a technical and marketing communication consulting company that helps clients create the knowledge they need to develop, market, install, and support technical products and services efficiently.