



## **Convert Inbound Lead Generation into Better Sales Performance**

**Realizing the full potential of your sales team**

**September 2009**

## Executive Summary

Anyone who has been part of a Business-to-Business (B2B) technology sales team will be familiar with some of the typical excuses given when we are not hitting our numbers:

- We're not getting enough leads
- Marketing doesn't understand our customers
- The leads that marketing delivered were not properly qualified
- Most of the leads I call don't want to talk to me
- They were interested but had already chosen another solution

These issues can be particularly vexing for vendors selling discontinuous or disruptive technology to early adopters.

This white paper is for sales and marketing leaders interested in improving their lead-generation capability and converting more leads into customers as they pursue the early market. In it, we explain why traditional lead development methods no longer apply to selling in today's markets – and describe a solution that helps organizations improve lead generation and conversions.

### Where Are We Today?

Marketing teams have never been more focused on generating leads that will translate into new customers. In *CSO Insights 2009 Lead Generation Optimization* survey of over 550 firms in multiple industries, the #1 priority in 2009 is increasing new customer acquisition, with over 87% of respondents listing this as one of their key objectives.

Unfortunately, these firms don't plan to put much money into achieving this goal. 66% of the same respondents reported freezing or reducing their marketing spend in 2009.

*More than 2/3 of companies surveyed by CSO Insights are reducing their marketing spend*

Clearly we need to get better results (ROI) from the marketing dollars we invest in lead generation and of equal importance, we need to get better at converting these leads into customers.

To determine what it takes to achieve these goals, we need to understand where the problem lies. Let's start by exploring the approaches and technologies that early adopters are using to increase lead flow.

### Industry Trends

Significant Internet-based marketing and sales innovations have emerged over the past five years. In pursuit of identifying, attracting and nurturing qualified sales leads, marketing leaders are embracing technologies, tools, and approaches including:

- Interactive CRM, customer portals and live customer-assist
- On-page and off-page Search Engine Optimization (SEO), Pay-Per-Click (PPC) and Search Engine Marketing (SEM)
- Social media marketing
- Blogs, white papers and E-Books
- Lead-scoring, prospect nurturing and incubation tools
- Opt-in email and RSS feeds
- On-demand Webinars, podcasts and videos
- Inbound marketing platforms

Companies using the above techniques, tools, and methodologies are experiencing success and increasing the volume and quality of inbound leads. For example, a customer of Brainshark – which offers online presentation software – reports an average attendance rate of 96% of registrants for on-demand Webcasts vs. an average attendance rate of only 27% of registrants for the same live Webcast. (The takeaway is that registration rates surge when registrants control the time they view Webcasts.) Customers of HubSpot – which offers an inbound marketing platform – on average are achieving a 500% increase in inbound traffic and leads in the first six months of adoption.

*Modern marketing definition: Marketing identifies, attracts, and incubates leads*

Sales organizations should be celebrating the success of their innovative marketing departments. However, increased lead flow does not directly translate to increased sales. Is this a sales or a marketing problem, and why is it that – with the Internet and so much technology at our disposal – we are still fighting for quality leads?

### **Challenges in Today's Market**

The vast majority of sales teams are still selling the same way they did five or ten years ago (or longer) – the salesperson does most of the talking in an aggressive, product-focused sell. Sales teams routinely talk about their company, their products and their successes, paying scant attention to asking important probing questions and listening to the customer. Poor diagnosis of the customer's issues results in weak qualification, along with forecasted opportunities that cannot or will not close.

In companies where the sales process is informal or internally focused and disconnected from actual buyer behavior, the combination of these factors usually means the salesperson forecasts opportunities well in advance of the prospect's readiness to buy. As a result, deals forecast to close slip from one quarter to the next. In addition, both the seller and the buyer are pressured to close through discounts and end-of-quarter specials.

### **Satisfying Buyers' Expectations**

Today's buyers have access to the same Internet resources as any sales team. This includes blogs from industry visionaries and thought leaders, third-party reviews, and comments about your company – both positive and negative – from peers using your product or service (or your competitors'). As a result, buyers tend to know as much about your and your competitors' offerings as your sales team does. When buyers finally contact the salesperson, chances are that they already have a budget in mind and a set of concerns they want answered.

The net of this shift is that the premium the buyer places on an interaction with a salesperson is much greater than it was in the past. Buyers expect salespeople to understand their company and their business, to bring the gift of knowledge, and to ask insightful questions. They expect to have discussions around how using your products or services can potentially create quantifiable value for them. In addition they want to air their concerns and have them listened to and answered. Most importantly, they have no interest in wasting time dealing with ill-equipped sales people, watching PowerPoint presentations about product and the awards the company has won, and playing 20 questions.

What this means is that having leads makes no difference if the sales team is not completely skilled-up, aligned with the mission, and ready to engage the prospect at the highest level possible.

### **Traditional Approaches to Solving the *Weak Lead-Conversion Problem***

Companies struggling with lead quality and weak conversion tend to focus on both the source of leads and sales performance issues. Common approaches – listed below – focus on the symptoms rather than on the underlying cause of the problem.

#### **Use Pay-Per-Click (PPC) Advertising**

The good news with PPC is that you can get started today and, with luck, start generating leads tomorrow. However, a PPC-only lead-generation strategy is not defensible over time. Competitors and newcomers can easily raise the stakes in a bidding war for your favorite keywords, reducing the effectiveness and ROI of your campaigns.

#### **Hire a Telemarketing Firm**

When the sales team fails to convert leads, a finger-pointing blame game is often played out at executive meetings between sales and marketing. In an attempt to fix the problem, sales executives may hire a telemarketing firm. Telemarketing is generally a waste of time and money to generate sales appointments, as interruption-driven cold

calling is no longer effective. In her book, *No More Cold Calling*, Joanne S. Black highlights research conducted by Huthwaite that found:

- 91% of buyers never respond to an unsolicited inquiry
- 71% of buyers find cold calls annoying
- 88% of buyers will have nothing to do with cold callers
- 94% of buyers couldn't remember a single message they had received during the last two years

However, telemarketing may forestall the VP of Sales' departure for a few months.

### **Replace the Bottom Performers**

After nearly two years of recession, many companies have already laid off their B- and C-level players and feel they now have their “best and brightest” in the field. In reality, all this housecleaning accomplishes is to temporarily reduce selling expenses. Acquiring new customers and growing market share becomes challenging because the remaining A players can only do so much and are focused on up-selling and cross-selling existing customers.

### **Replace the Sales VP**

According to a VP Sales Compensation Report conducted by Phone Works in December 2008, thirty-two percent of executives have been with their company for less than a year, and another twelve percent have been there less than 12-24 months.

Failure to make their numbers is often the primary reason these executives leave the company. The incoming VP of Sales has a golden opportunity to clean house, but the problem with this approach is that the average ramp-up time for new hires is nine months before they reach 100% productivity (see figure 1 below).



Source: CSO Insights Sales Performance Optimization Survey 2009

*Figure 1. On average, it takes new sales reps nine months to reach 100% productivity*

Plus the CEO is often reluctant to allow personnel changes for fear of losing or impacting current and future quarter revenue streams. In 12-24 months time the CEO can replace the VP of Sales again, but it does not fix the underlying problem.

### **Eliminate Training and Travel for Company Meetings**

Today, many CEOs and sales leaders have had to eliminate classroom training and travel budget for regional sales meetings. However, CSO Insights 2009 Sales Performance Optimization survey saw that companies investing more than \$5,000 per head in training outperformed those investing less than \$500 per head. Specifically, those investing more in training see 8% more of their reps attain quota and experience a 14% lower turnover rate.

### **Go Vertical**

Companies routinely choose to focus on vertical markets in the belief that it will enable closer customer relationships, larger revenue streams and competitive differentiation. After several years of effort and significant expense, few companies reap the rewards they anticipated

and their customers perceive little difference. Primarily, this is due to the vendor not making needed investments to deliver solutions that are truly vertically focused. Only the largest vendors have managed to achieve true vertical market expertise by hiring people with the necessary skills, investing in key industry programs, and deeply training their sales and marketing teams. If you are not prepared to make a similar commitment, don't declare that you have a vertical focus.

### **Sell Through the Channel**

At some stage in their development, almost all companies feel that selling through the channel will dramatically improve their business. Unless your company has a hot technology product that meets an existing demand and has based its business on 100% OEM and channel sales, you'll be disappointed. The twisted logic of ramping up channel activities is the assumption that your channel will somehow figure out how to sell your products or services even though your direct sales team is struggling to do so. To determine whether or not you are ready, answer these questions:

- Is your sales process formalized and is everyone in the organization using it?
- Are you generating more inbound leads than you can handle?
- Is your product fully tested and determined to meet your target market's needs in more than 100 accounts?
- Do your existing customers rave about your product or service?

If the answer to all of these questions is not a qualified yes, then you're probably better off focusing your resources on direct sales.

### **How to Establish a Foundation For Greater Sales Performance**

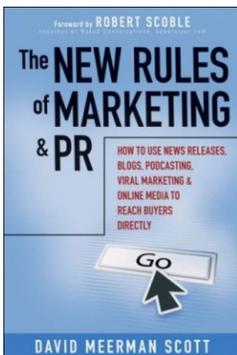
So what does it take to effectively generate high-quality leads and convert those leads into customers? To realize the full potential of any sales team and to increase the conversion of inbound leads into customers, corporations must commit to ongoing investments in

Marketing and Sales 2.0 productivity tools, strategies, and approaches. These include:

- Sales and marketing messaging alignment
- Inbound marketing lead generation and incubation
- Sales training and coaching
- Formal selling process aligned with the buying process

### Align Sales and Marketing Messaging

David Meerman Scott's *The New Rules of Marketing & PR* is compulsory reading for every marketer. In it he states "A *buyer persona* is essentially a representation of a type of buyer that you have identified as having specific interest in your service or product or having a market problem that your product or service solves. Building *buyer personas* is the first step and probably the single most important thing you do in your marketing and PR plan."



In other words, if we make our marketing and sales messaging buyer-relevant (i.e., based on the goals, aspirations and problems of our target buyer personas), we are far more likely to attract the right prospects to our Website through our Web 2.0 marketing activities. We then need to train our sales teams to orient our product or service conversations around how buyers could use the products and services to achieve their goals and solve business problems. "Nobody cares about your products or services except you," states David Meerman Scott. Aligned sales and marketing messaging enable our sales and marketing teams to key into something our prospects are vitally interested in...themselves and their issues.

In CSO Insights *Sales Performance Optimization 2008 Survey* of more than 1,500 firms, the authors conclude that closer alignment between sales and marketing is key to addressing the lead-generation issue. Employing sales and marketing alignment processes has the highest impact on overall sales effectiveness. The output of the process drives sales training; knowledge management; and messaging for sales teams,

and Web-based and inbound marketing strategies. As shown in figure 2, the relative ease of implementation and cost of the exercise is tiny compared to other major sales effectiveness activities.

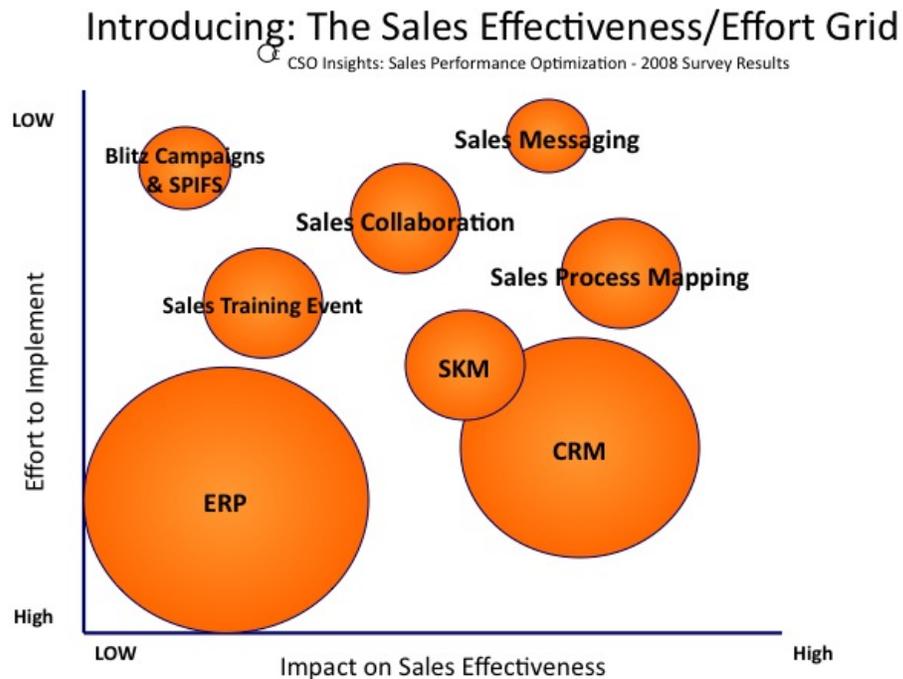


Figure 2: Companies should consider the effort to implement an activity in relation to its impact on sales effectiveness

### Adopt Inbound Marketing for High-Quality Lead Generation

The following elements – when fully integrated – form an inbound marketing platform that can empower your organization to drive inbound marketing traffic.

- A Website with an easy-to-use Content Management System (CMS) that you control, with the ability to integrate blogging and easily create landing pages on your main site
- An SEO tool that automatically applies proven best-practices methods for on-page and off-page SEO
- Integrated social media feeds based on your favorite keywords

- Tools to optimize keyword usage and monitor social media traffic for relevant content, and to track performance of those keywords vs. the competition
- Prospect tracking, lead nurturing and lead integration with Salesforce.com CRM for closed-loop analysis
- Performance analytics on keywords, page optimization, inbound links, visitors by referring site, social media reach and blog performance
- High-quality on-demand training about managing monitoring and analyzing performance via videos, PowerPoint tutorials, and comprehensive “how-to” articles

Once this foundation is in place, add:

- An e-mail marketing tool
- Website content that is high quality and relevant to visitors with different interests
- Downloadable E-books and white papers that are compelling and easily shared
- Live and archived Webinars, podcasts, and video posts

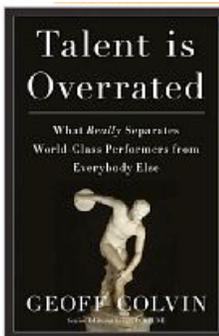
### **Implement a Comprehensive Blended-Learning Program**

Many people believe that sales training is a waste of time and that salespeople should know how to sell. As a result, many sales people only receive product training on induction. Product training is important, but only one aspect of the developmentally appropriate training that salespeople need in order to be successful.

What is developmentally appropriate training for B2B sales professionals?

- Communication and language skills are arguably the most important skills to be mastered in professional selling.
- Knowledge of interpersonal psychology and human behavior is essential, as is setting goals and overcoming personal barriers.

- Knowledge of industry segments and the business issues confronting target buyers will help salespeople elevate conversations beyond a discussion of product features.
- Knowledge of how products are used by customers, the value they realize from these products, and how competitive products compare is critical.
- Knowledge of the internal sales method and approach, along with support tools and CRM systems is important in getting everyone selling the same way.

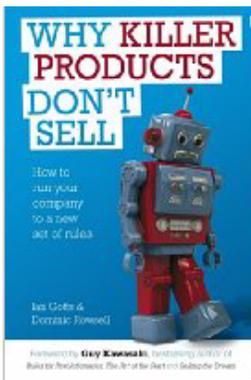


Geoffrey Colvin's book, *Talent is Overrated*, finally puts to rest the myth that great salespeople are born. Scientific research across a range of fields including sports, music, business, surgery, aviation, and ballet concludes that great performance in any domain is a result of deliberate and sustained practice over a long period. For elite ballet dancers, athletes, violinists, surgeons – and salespeople – the threshold for greatness is 10,000 hours of deliberate practice. Not every salesperson aspires to greatness, but a program that offers an environment and an opportunity to grow and excel will consist of a blended learning delivery method that includes:

- Classroom training for immersion in theory and technique
- E-learning to support individual conceptual understanding and mastery, both before and after training
- Role-playing with managers and colleagues to improve skill and technique
- Sales management coaching, regular feedback, and setting goals for improvement
- Assessment, certification, and advancement
- Sales management training and specialist coaching

## Commit to a Formal Selling Process Aligned With the Buying Process

For companies selling discontinuous or disruptive technology, services or solutions, new insights forever change the way we will view the buying process. In *Why Killer Products Don't Sell*, authors Ian Gotts and Dominic Rowsell extend Geoffrey Moore's thinking in *Crossing the Chasm* to examine the risk profile and buying behavior of buyers at each phase of the technology adoption life cycle.



The breakthrough in thinking is that unless you are selling to your prospective clients according to the way they buy – governed by their risk tolerance – you'll encounter a high degree of impedance. This mismatch in buyer-seller behavior has spelled the unwitting end to tens of thousands of companies that failed to take their innovations across “the chasm” into mainstream markets.

IMPACT is an acronym for the steps in the buying cycle – Identify-> Mentor -> Position -> Assessment -> Case -> Transaction – as proposed by Gotts and Rowsell after observing hundreds of companies make technology purchases (see figure 4). The authors note that, “There is a pathway or process that all organizations and individuals follow to reach purchasing decisions. This pathway is universal and does not vary by culture or geography as it is inextricably linked to human nature.” What changes from one company to another is the speed at which organizations or individuals travel through the process. Every purchase goes through the IMPACT cycle, either formally or informally and with or without the supplier.



Figure 4. Every technology purchase goes through the IMPACT cycle

## The Four Buying Cultures

As shown in figure 5, technology purchases fall into one of four distinct buying cultures, each requiring a different engagement approach. The Value-Added and Value-Created buying cultures are fairly well understood as they are the domain of the majority of salespeople and marketers. Many readers of this paper have likely sold technology to the early market or are in a start-up striving to establish market traction. Here we will focus on the needs of the early market, which operates in a *Value-Created* buying culture.

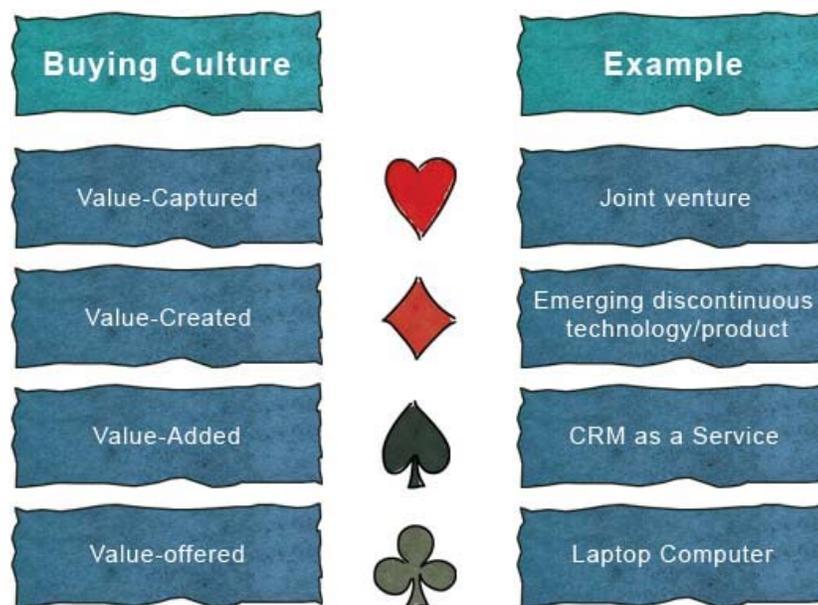


Figure 5. Four technology buying cycles, defined by product maturity

A novel technology, product or service must cross "The Chasm" to achieve its market potential. This requires the company to win in the early market as a Value-Created supplier, which means that its sales and marketing organization must be genuinely customer-focused. However, this is easier said than done, regardless of company size. Early-stage companies are pressured by investors to quickly produce results, however success in selling early adopters is difficult to achieve because the sale is more complex and takes longer. Large, established companies

struggle to sell novel offerings through an existing sales team that is quarterly driven, revenue-focused, and accustomed to receiving commissions by selling familiar solutions to buyers who know what they want.

The big difference for companies offering discontinuous or disruptive products or services is the point of engagement with the buying organization. Because the Value-Created sale to an early-adopter is far more consultative, the supplier needs to engage earlier in the IMPACT buying cycle. This engagement is necessary to help the buyer (i.e. mentor,) envision a solution, and make a case to the executive team to for an assessment and eventual purchase (see figure 6).



Figure 6. Companies selling discontinuous or disruptive products or services must engage with the buyer at the Mentor phase

## Conclusion

Improving sales performance is a journey, not a one-time event. There are no magic bullets or quick fixes to the sales performance problem and every company grapples with different issues. However, companies *can* implement high-impact initiatives in a logical sequence as part of an overall marketing and sales performance improvement program. Doing so will yield short-medium term results, high payback on the effort and funds invested, and a foundation on which to create long-term, profitable growth.

By incorporating the following initiatives into their strategic plan, organizations can improve their lead-generation capability and convert more leads into customers:

- **Align sales and marketing messaging** – This is the most important productivity improvement activity and should be on top of the MUST-DO agenda of every technology company.
- **Adopt inbound marketing** – Early adopters are generating a greater volume of high quality leads, improving the productivity of their marketing teams, lowering cost per lead and, as a result, increasing marketing ROI.
- **Implement a blended-learning, skill-development program** – To help the sales force develop their skills, expertise and excellence, organizations must continually invest in formal sales education, skills coaching, professional sales management, performance support tools and sales productivity aids.
- **Commit to a formal selling process aligned with the buying process** – To help buyers progress through the buying cycle, everyone on the sales team needs to sell the same way, aligned with the risk tolerance and buying behavior of targeted buyers.

To find out about specific solutions to help you in each of these areas, download our [\*“Guide to Better Sales Performance: How to Convert More Leads into Customers”\*](#)

## About the Authors

**Robert Langer** has led top-performing technology sales teams for over 25 years. His proven ability to identify early market trends and disruptive messages while also fine-tuning existing operations enables him to uniquely help both early-stage and mature companies achieve their objectives. During his career, he has built industry-best teams at companies including Sun Microsystems, Dell Computer, and several start-up and entrepreneurial organizations.

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Advanced Marketing Concepts is based in the UK and serves clients in EMEA, Middle East, Israel and the US.

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