WHITEPAPER

5 Keys to Maximizing B2B Lead Conversion to Win More Deals

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Once a lead comes in the door, whose job is it to convert that lead to a sales opportunity: marketing or sales? The lead conversion black hole has long been cause for dispute between marketing and sales teams. Marketing will argue it has generated leads and tossed them over the fence to sales. Sales will complain that leads aren't qualified.

If this sounds like your organization, it's time to break down artificial departmental walls and work together on lead processing, qualification, follow-up, and nurturing so you can convert more leads into customers. The challenge is to achieve what everyone wants: improved sales revenues through qualified leads. Reading this whitepaper, you will learn five keys to improving lead management to ultimately win more deals.

Key 1: Break Down the Great Wall

If you ask Marketing what they consider their chief role in the company, good marketing executives will answer: "Make sales easier." Strategies and tactics involved in achieving this may include defining value propositions, creating collateral and presentations, and generating leads. However, the biggest disconnect between marketing and sales has been in lead management – the point which marketing hands off to sales. Executives in sales and marketing must work together toward the common goal of achieving sales targets. A number of best practices have been found to help, and good companies use their CRM systems to mirror these practices, stepping people assigned to particular tasks through a proven process.

Design Lead Generation Processes Together

There's no point in forcing the results of a process developed by one group on another. Many marketing departments wash their hands when a hugely successful lead generation program results in few actual sales. But, few take the time to involve sales in the process from the beginning. To bridge the gap, marketing should involve the sales team from the outset when designing lead generation activities. Here are a few best practice suggestions in gathering input from sales to help improve lead generation.

> ***The software just makes it easy in a fast moving environment for everyone in the organization to know what is going on and who is doing it.***
>
> **GRAHAM INSKIP**
> **Managing Director, Graham Lloyd Ltd.**

Involve Sales in Marketing Campaign Planning

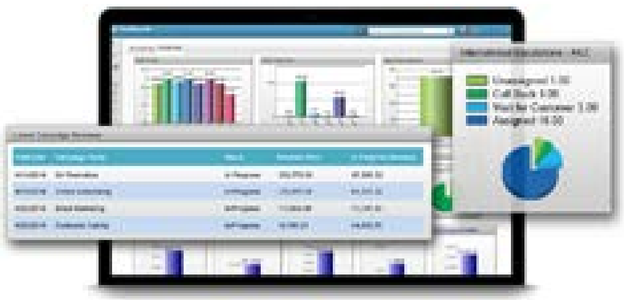
Whether you're using email, telemarketing, online portals or other sources and methods, get the sales team to review the potential lists. Ask list brokers for a small sample of 20 so that the sales team can size up the chances for success from their point of view. Let them know that their choices and advice have a direct impact on the success or failure of the campaign and ultimately their own success. Ask for and take advantage of sales' suggestions for magazines/websites/events in your industry that customers read or attend actively. Get sales to identify current customers for testimonials in your lead generation programs and involve them in the interview process. They may have better questions than you.

Define What a Qualified Lead Looks Like

Work with sales to agree to a definition of a lead that gets passed to sales. What information and qualification details should the lead have? Size of budget? Timeframe for intended purchase? Identified business need? The amount of information required to become a qualified lead varies for each company. If you have a strong inside sales team whose job is to qualify leads early in the sales cycle, then you may not require all the qualification points. If you only have a field sales team or channel that doesn't have the resources, skills or time to spend on qualification – and spends their time on working qualified opportunities only – then more verified qualification data will be required.

Communicate with Sales Before, During, and After

Each lead generation program should be well understood by the sales representatives it will affect. So, before leads start coming in, review the program details with them. Ensure sales people understand timelines and key messages for corresponding target markets. For example, what should they say to overcome specific objections? What pain points does the campaign address? Which additional materials should they use to follow up with leads? A simple one page "battlecard" can detail most of the important points a sales person will want to and need to know.



When leads start to respond to a marketing campaign, and sales starts their follow-up process, ensure you gather feedback from them by looking at lead reports, but also engaging with them. Do the leads meet expectations of the campaign? Are the follow-up messages working? How can the process, messages or target list be improved?

When the campaign is over, and you're looking at the overall results, again get feedback from sales staff . Did the campaign generate the type of results they expected? What could be improved for next time?

Actions to start breaking down the wall

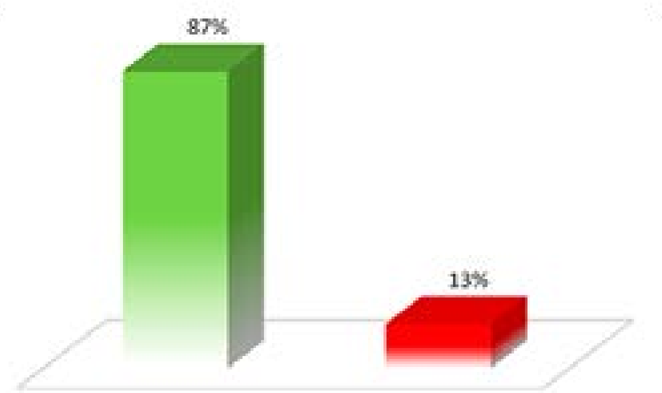
- Agree that marketing's job is to make sales easier
- Involve sales in the planning of lead generation programs
- Inform sales of the details of each program
- Get sales feedback throughout the campaign.

Key 2: Fill the Gap with a Dedicated Leads Team

Often the reason that leads receive little to no follow up is because no one has been assigned the task. This is an obvious barrier to best practices and easily remedied by ensuring there are people in your organization whose dedicated responsibility is to qualify leads.

Hiring staff dedicated to qualifying leads will avoid the "throw it over the fence" syndrome in which marketing passes off leads to sales, leaving sales to juggle early stage sales functions such as qualifying leads and later-stage sales functions such as generating proposals, building relationships with prospects, negotiating and closing deals.

Quality of Leads



Recognize and Use the Strengths of Everyone

Recognize that there are fundamental differences between the kinds of people and skills you need for lead follow-up and qualification vs. closing a deal. Sales people will naturally tend to the later stage because (a) late stage tasks require more time and experience and (b) they are more likely to lead to a sale and commissions in their pockets sooner.

Due to the gap in time from lead to sale, it makes more sense to set up a dedicated leads team and only to hand off well-qualified leads further along in the cycle to high-level sales people who can clinch a deal. Setting up a Leads Team circumvents the problem of new leads becoming stale during the month-end or quarter-end time frame where sales may ignore new leads because they are focusing on closing deals to meet quotas. Moreover, you can focus more efforts on following-up and nurturing non-sales ready leads in a timely manner because you can design appropriate compensation plans for the Leads Team that are based on lead follow-up and qualification.

Train the Team and Use CRM to Model Best Practices

Leads Team staff should be responsible for calling all new leads within a set time frame and for qualifying and nurturing them until they are ready to be passed to sales. Get your marketing, lead, and sales management and staff to agree on the definition of a salesready lead. Typically, at least three out of the four criteria of budget, authority, need, and timeline (BANT) should be met.

There are many best practices that you can tailor within your CRM solution which guide people to process leads consistently and quickly to move them along the sales pipeline effectively. To configure a CRM system to standardize lead processing, consider implementing the following three best practices and apply them to your own situation.

Distribute Leads Automatically

Utilize lead or task modules so that call to-action items automatically appear for the appropriate member of the Leads Team and each next step with deadlines is clearly identified.

Step-through Lead Qualification

Create a standard list of lead qualification questions by customer category. Include questions that assess budget, authority, need, and timeline (BANT); as well as other questions relevant to your business to help representatives understand and define prospect needs. To make it easy for lead qualifiers, pre-populate lead data based on web forms or other means of early customer communications and sort the lead qualification questions in the order in which they would ask them.

Standardize and Update Lead Status

Create lead status and rating categories to indicate the lead stage and use standard terminology. For example, as the Leads Team is following up, a status of "In Progress" may simply indicate that the person has not been reached yet but the team is still calling or emailing to reach them. A status of "Not Ready" may indicate that the lead will stay in the marketing lead funnel to be nurtured with further communications, as the purchasing timeframe is greater than 9 months out. A rating scale of 1 to 5 or "warm" or "hot" may indicate the rating based on the number of criteria met under "BANT". Ensure leads are revisited and updated by representatives on a regular basis as they foster their progress through the lead nurturing pipeline until they become sales opportunities that are passed to sales representatives.

Actions to create an effective leads team

- Hire dedicated people to the lead team; calculate personnel required based on the number and type of incoming leads per week

- Design a robust lead follow-up process that includes guidelines for calling and emailing
- Model the lead follow-up and qualification process in your CRM system
- Only pass highly qualified leads or opportunities to high-level sales professionals (after agreeing on this definition by all parties).

Key 3: Define a Lead Nurturing Process

Whether a lead stems from a trade show, online program, or direct mail, not all leads are ready to buy right away. In fact, more than 70% will take longer than six months to make a purchase according to a study by Reed Elsevier. Depending on your product and average sales cycle, the time for lead conversion to sales opportunity may be correspondingly long. Although someone may have BAN (budget, authority, need) it doesn't mean that their "T" (timeframe for buying) is immediate. However, even if budget for the purchase isn't coming up for several months, you need to stay top-of-mind with potential buyers, so when they do make a decision to purchase, or at least go deeper into a vendor evaluation, they think of your company. Stunningly, according to eMarket2, only 22% of organizations have a well-defined lead nurturing process.

Create and Automate Ongoing Communications

Stay in touch with organizations from the time they become a lead to final qualification or elimination using some of the following tactics which should also be built into your CRM system.

Segment and Target Communications

Segment leads based on product interest, role, use of the product, industry/vertical, buyer role, etc. For each lead category, create an ongoing communications program based on timeframes and actions that prospects have taken. Personalizing and segmenting allows you to send extremely targeted communications, which will increase response rates.

> *It is difficult to imagine how we would function without this invaluable tool to our business.*
>
> **PETER HUNT**
> Director, Multipix Imaging

How Long Before People Buy?

Send value-added information via email, direct mail, or newsletters that help them better understand the value of your product and offer. Stage these communications over a period and intersperse them with more active tactics as below. Schedule all communications strategically to drive leads towards becoming an opportunity for sales.

Foster Leads to Take Action and Assess Commitment

Design campaigns that drive leads back to take action so that you can identify the ones that are still interested. Some examples include event invitations, webinars, seminars or podcast downloads. The call-to-action must include a web form or other mechanism to track the activity, which shows continued need, if not continued commitment. Get the Leads Team to call into accounts periodically to assess status on an ongoing basis. These calls can be triggered by events such as the prospect attending a webinar or after receiving a free trial or sample of your product. Schedule calls in response to actions, to give the Leads Team a new angle to discuss with the prospect.

Well thought out and implemented lead nurturing programs have been measure[1] to make a positive impact on a number of metrics to improve sales including:

- Decrease the percent of marketing generated leads that are ignored by sales (from as high as 80% to as low as 25%)
- Raise win rates on marketing generated leads (7% points higher) and reduce "no decisions" (6% lower)
- Have more sales representatives that make quota (9% higher) and a shorter ramp up time for new reps (10% decrease).

Actions to Nurture Leads

- Design a lead nurturing program based on your organisation's sales cycle
- Include a mix of communications with value-add content that drives people deeper into the lead nurturing/sales cycle with every step
- Model and automate the program and communication in your CRM system.

[1] Forrester Research, November 30, 2006, How Mature Is B2B Lead Management?

> ***Maximizer does not have the limitations I know other software packages have. The program is also very fl exible because you can add and change parts... We cannot live without this anymore.***
>
> **GERWIN EERSEN**
> **Managing Director, Gfl ex**

Key 4: Monitor Lead Team Activities

To ensure leads are being follow-up, qualified, and passed down the lead conversion cycle in a timely manner, monitor the time frame in which specific tasks are completed, or if they have been at all. Set the CRM solution to monitor each stage including new lead distribution, initial callback, qualification, status update, nurture stage, and finally the move to becoming a sales opportunity or elimination.

When the CRM models the steps in your lead conversion process, it is easy to set system alerts when performance conditions are not met. Managing by exception allows staff to perform to their guidelines, and simply alerts managers when employees do not meet performance criteria. People know what they need to do to meet expectations and work with minimal supervision, while managers get critical information on an as-needed basis regarding individual and team performance. Managers can assume people are doing their jobs and need only intervene in situations where attention or action is required.

Manage Performance by Exception

System alerts ensure that processes are being followed to expectations to ensure the staff is following the processes you put in place to help achieve lead and sales goals. To monitor performance with regard to lead distribution and subsequent qualification and nurturing, set the system to alert representatives and managers when:

- New leads do not have an associated lead team representative assigned to them within an hour of their receipt
- New leads are not contacted within two days of entry
- Lead status is not updated after two weeks of entry
- There are fewer than five phone calls or attempts entered for a lead
- A lead has not moved through the qualification process at all within a set time frame
- A lead does not have the qualifying questions completed within a set timeframe
- An opportunity record does not include a forecast date or potential revenue – indicating a poor qualification process.

Actions to Monitor Lead Conversion

- Design measures that indicate when a step in the lead conversion process has not been successfully fulfilled
- Set the CRM to automatically alert team members and management when criteria are not met.

Key 5: Keep an Eye on the Bottom Line

It's no longer good enough just to measure the total number of leads that marketing generates. To understand the success of lead generation programs, you need to measure the ratio of qualified leads to total leads, as well as unqualified leads to total leads. These two metrics will tell you whether or not a particular campaign was worth running. They, in combination with information about how many qualified leads actually buy, will tell you whether a particular campaign was worth running, and enable you to fine tune campaigns for improved success rates.

Calculate Return on Investment

If your lead generation campaign costs $/€/£10,000 and typical sale brings in $/€/£1,000 in net revenue, the campaign is only successful if it produces at least $/€/£1,000 x 50 new orders. Best practices put a 5x or 10x ROI success criteria on campaigns.

Putting a finer point on this, say the $/€/£10,000 campaign resulted in a total of 50 new leads and of those only 10% convert to sales. With only 5 new orders at $/€/£1,000 each, the campaign has a negative ROI. Remember to keep in mind the length of the lead and sales cycle (i.e.; 70% of B2B buyers on average, buy 6 months later), and measure ROI when the time is right, not a week after the leads are in the door.

Identify Where any Disconnect Lies

A campaign may bring in many new leads, but if they do not convert to qualified leads what went wrong? There are innumerable reasons why this may occur. The first thing to look at is the list – was the target audience the right audience? Did you develop the list in conjunction with the sales team?

The second thing to consider as you proceed through lead qualification is whether or not the leads' needs are in line with your product offering. Is budget, authority, need or timeframe consistently off? If they have authority and need, but the purchase timeframe is long term, are you nurturing them? Are leads qualified and passed to sales as opportunities, but then abandoned or lost to competitors at the end of the sales cycle?

All of these questions are important because a lead can go stale at any stage in the conversion and/or sales cycle process so it is critical to know at what point they drop out, becoming dead leads or inactive opportunities. If you know when and why leads drop out, you can change campaign, qualification or nurturing strategies accordingly.

Use CRM to Track Qualification Performance and Overall ROI

Determining real ROI on each and every campaign will help you know where to spend your money, and which programs to drop. Tracking all the details of a campaign manually is extremely challenging since a campaign plus qualification and nurturing programs may involve ten or more different touch points with a potential customer. This is where your CRM can really help.

In your CRM solution, each lead should be associated with a particular campaign. As the lead progresses through the qualification and nurturing program, you will be able to see where leads are and determine ROI for each campaign you run. Not only that, but when you see stages in the process that are bottlenecks, you can adjust tactics as you work through a batch of leads. When you realize a tactic is working, you can repeat this step for other campaigns. If a step does not seem to make a difference to conversion rates, stop it and save your money. This ability to know what works and what doesn't makes your company more flexible, more responsive and more successful in driving leads to become new customers.

Actions to Maximize ROI

- Track the source of all leads
- Measure all aspects of campaign ROI, including total leads, leads converted and total revenue from a campaign
- Fine tune steps in the qualification and nurturing processes to optimize resources and generate more sales.

Next Steps

Sales and marketing executives in companies of all sizes should be able to make intelligent decisions based on the ROI of marketing investments. If your company cannot identify whether marketing and sales resources are effective or whether they need to be adjusted for improvement, you should consider analyzing and re-designing the way marketing and sales processes work.

Start by bringing sales and marketing together to understand targets and devising programs to attract leads and move them closer to becoming customers with maximum impact and minimum effort. The CRM system plays a vital role in enabling and automating processes and providing management with the ability to monitor progress and measure return on investment.

To begin designing lead generation, qualification and nurturing processes that result in dramatically improved win ratios, the first step is to break down internal barriers that lead to lack of responsibility and accountability for sales performance.

Contact Maximizer to help you break down the great wall and convert more leads to customers.

About Maximizer

Maximizer CRM is fueling the growth of businesses around the world.

Our CRM solutions come fully loaded with the core Sales, Marketing and Service functionality companies need to optimize sales productivity, accelerate marketing and improve customer service. With flexible on-premise, our cloud and your cloud deployment options, tailored-to-fit flexibility, state-of-the art security infrastructure, industry-specific editions and anywhere/anytime mobile access, Maximizer is the affordable CRM solution of choice.

From offices in North America, Europe, Middle East, Africa and AsiaPac, and a worldwide network of certified business partners, Maximizer has shipped over one million licenses to more than 120,000 customers worldwide.

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