



Why Your Sales Force Needs Fewer Leads



Contrary to popular belief, sales reps don't need more leads. They need fewer leads—or more accurately, fewer raw, unfiltered, unqualified leads. Sales reps need leads that have been carefully qualified, properly and consistently nurtured and appropriately developed, increasing the likelihood of a completed sale.

This informative white paper is designed to help you:

- Learn how fewer, yet better qualified, leads can empower sales.
- Understand the counter-intuitive relationship between lead volume and sales performance.
- Gain insight into how to bridge the gap between marketing and sales.
- Get more information on how a prospect development approach can leverage marketing's efforts for sales' success.





Having fewer, but higher-quality, leads provides more value to sales employees and improves the visibility and accountability of marketing.

Gartner Customer Relationship Management Summit

Why your sales force needs fewer leads

Yes, you read the title correctly. Sales reps don't need more leads. They need fewer leads—or more accurately, fewer raw, unfiltered, unqualified leads.

Good sales reps are by nature hunters, eager to close in for the kill. Take Steve, for example. Watch what happens when he receives a stack of leads: he rifles through them seeking the ideal prospect.

- ✘ Not a senior executive? Out.
- ✘ Budget undefined? Goodbye.
- ✘ Next-year decision? No way.

Steve is obviously making some poor decisions. For example, a recent study found that for technology products and services, line-of-business managers and functional titles are much better lead sources than senior executives. And the average technology purchase starts as an inquiry on the internet and can often take a year or more until fruition.

But to be fair to Steve, he is paid to sell—not to interpret leads. Moreover, he is jaded from bad marketing practices. In his rookie year, he wasted enormous amounts of time following up on so-called “A+ leads” from marketing. As it turned out, one-fourth had erroneous phone numbers and addresses. Another 20 percent came from consultants, competitors and students. Most of the others had little or no pre-qualification information. None had been filtered or nurtured in any way by marketing. (“That’s not our role,” said the marketing manager.)

More leads doesn't equal more success

Meanwhile, in the marketing department, Jennifer is completing her monthly report.

“We’re on track for a great quarter in lead generation,” she writes. “This month we generated 1,278 leads from all sources—that’s a 30 percent gain over last year! And in spite of higher ad rates, we continue to keep our cost-per-lead under \$100!”

Jennifer's report says nothing about lead qualification, how leads are nurtured, or what the sales force has done with previous leads. Which leaves one to wonder: Does anyone in this company's management understand why investments in sales and marketing are not resulting in closed business? Do they realize that the real money spent to create leads is wasted unless they are managed and monitored to ensure a return?

The true measure of successful marketing should be how well marketing creates sales opportunities that have a high potential of developing into sales. The true measure of sales should be how well they close these good leads from marketing.

Far too many companies, however, evaluate marketing's success by the number of leads they hand over to sales. These companies do not have effective processes and methodologies to track anything other than the number of leads generated and their cost. Many of the same companies fail to hold sales accountable for closing the good leads and for reporting back results that feed the marketing and sales model. The overall result is often wasted marketing dollars and wasted sales time.

Closing the gap between marketing and sales

How can the blame game between sales and marketing be resolved? What if, instead of reporting how many low-value leads marketing sent to Steve and his colleagues, Jennifer reported the following:

"This month, marketing added 14 new prospects to our Prospect Development program. A total of 41 sales opportunities are currently under development by marketing.

"In June, sales received 10 fully nurtured sales opportunities representing \$3.5 million in potential near-term revenue. I have attached a summary report."



It's a bizarre, often co-dependent relationship; working at arm's length, sales has the latitude to dismiss the leads marketing creates as not qualified or nurtured enough, while marketing can claim that they are holding up their end of the bargain when you consider things purely from a volume standpoint.

Sirius Decisions

PROSPECT DEVELOPMENT REPORT							
Sales rep	Company & decision maker	Revenue potential	First contact date	# of weeks lead nurtured	# of program touch points	Hand-off to rep date	Decision “expected by” date
Barrett	Pine Mtn (CFO)	550k	4/21	7	8	6/10	Oct
	Westland Co (COO)	825k	4/17	9	8	6/14	Nov
Floyd	FlexFast Mfg (Committee)	280k	4/3	10	8	6/28	Dec
	Sanders Inc (Exec VP)	180k	5/17	7	11	6/16	Dec
Jones	HMS Inc (COO)	400k	4/25	6	9	6/6	Oct
	Collins Co (Project Leader)	120k	3/28	11	14	6/20	Nov

As indicated by the highlighted rows in Jennifer’s Prospect Development report (see above), sales representative Carol Barrett received two qualified leads this month. Each had already been contacted at least seven times; the best touchpoint techniques use multiple media—some combination of phone, voice message, email, letter, and direct mail. Each lead is deemed to have “graduated” from unknown or long-term status to a near-term decision-making mode. For each developed lead, marketing provided Carol a complete contact history, a company profile, and a thorough overview of the budget, the decision timeline, individuals involved in the decision, any events or other factors driving the decision, pain points, hot buttons, and competition.

When presented with a few well qualified leads, Carol gives them priority attention. For one thing, she knows her regional manager will be inquiring about them. More importantly, she knows from experience that these leads are real or she would not be getting them. Her company has already established a relationship with the decision maker, who is expecting Carol’s call.

Which lead generation machine would your company’s sales force prefer—the one that gives Steve reams of unfiltered leads, or the one that gives Carol two sales opportunities expected to close within six months?

Who's minding the lead farm?

Cahners Research has shown that 45 percent of qualified leads will end up buying a solution from someone within a year.

Think of lead qualification as a funnel. Marketing pours raw, unfiltered leads from a variety of sources into the top of the funnel.

Ideally, what emerges at the other end—ready for professional handling by a lead-hungry sales force—is a steady supply of qualified prospects, each with a defined process and timeframe for buying.

Reality, unfortunately, rarely matches the ideal. All too often, no one is managing what happens to leads once they enter the funnel. Marketing, focusing on lead cost instead of quality, thinks it has done its job simply by dumping in the unfiltered leads. No one contacts or qualifies the inquirers. No one augments the leads with demographic and firmographic data. No one nurtures long-term suspects into short-term prospects. No one evaluates the effectiveness of the lead sources.

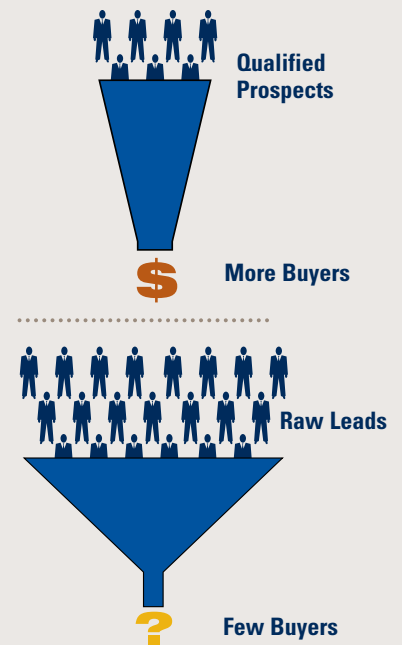
In this garbage-in, garbage-out scenario, you can't blame sales reps for ignoring the output.

Who should process leads?

A lead is a general classification of an individual with an actionable need for a product or service. Short-term leads, also called qualified sales opportunities, are ready buyers that have the potential to close within one or two sales cycles.

Only a small portion of freshly generated leads typically fall into the short-term category. The root of the broken lead generation "system" described earlier is that little or no effort has been made to determine whether each raw lead has any potential at all, much less whether it is short-term or long-term.

Whose job is lead filtration, qualification and development? In our observation of how hundreds of companies treat leads, the bulk of the work overwhelmingly rests with sales—and that is a recipe for failure. Even if leads are pre-qualified, sales people are notoriously poor in following up on all but the hottest of leads. In fact, experts say, sales does not follow up on more than 70 percent of leads provided to them.



Too many raw, unqualified leads can create a clogged marketing and sales process and an unhealthy sales funnel.

Attributes of a Well-Qualified Lead

1. SIC or NAICS code
2. Firmographics (revenue, # employees, # of locations)
3. Decision makers and influencers identified
4. Environment documented
5. Decision-maker engaged
6. Business pain(s) uncovered/ validated
7. Decision-making process and timeframe documented
8. Budget allocated or process for budgeting documented
9. Competitive landscape documented
10. Sense of urgency or compelling event exists

Management rightfully motivates and compensates sales people to focus on making the immediate numbers, not on building a pipeline of prospects. To fully leverage the talents of your sales force, don't expect sales reps to filter leads, qualify them, and then cultivate the long-term ones until they are ready buyers. They just won't do it.

Traditional marketing departments are also not the best equipped for this important job. They are filled with brand builders or communicators who do not possess lead management skills and technology, or they are measured on "response rates" and so-called "cost-per-lead," which are the wrong metrics.

In our experience, best practices suggest that a separate group, inside or outside the company, needs to take control of the vital lead development function. Think of this group of specialists as "lead farmers," or prospect development specialists—they qualify raw leads, nurture lukewarm prospects into the hot category, and turn the developed leads over to the sales force for harvesting. Often this process takes months.

A developed lead is one that sets the stage for relationship selling. A lead farmer equips the sales rep with in-depth knowledge about the prospect. With advance insight into the prospect's motivations, pain points and buying plans, the sales rep can engage the prospect in a consultative conversation rather than launching into a cold-call presentation or a discovery interview.

Turning raw leads into real opportunities: Don't give up too soon

The lead farmer has a challenging job. The starting point is usually an inquiry consisting of a name, title, a company, a phone number or email address. The lead farmer must have the patience, discipline and skill to engage the inquirer in a conversation. This step alone can take weeks or months.

Many of the best prospects turn out to be those who have been contacted five or six times by voicemail, email and direct mailings over a period of months before a conversation finally occurs.

Executives often don't respond until a need's priority has escalated. The lesson: Don't give up too early on non-responsive leads. Many will save your emails

or letters and will eventually self-qualify. Sometimes they respond to a letter or email from weeks earlier, or they call when the latest touchpoint coincides with their timing window.

After a dialogue has been opened, the lead farmer begins probing, documenting, and tracking—always with the aim of moving the lead further through the pipeline. The lead farmer is patient, but persistent. He is also creative and informative. If he is perceived as selling too hard, the potential buyer may be put off. If an otherwise well-qualified prospect is stalled due to budgeting or other considerations, the specialist follows up meticulously at the appropriate time. Ultimately, the specialist will either disqualify the lead if nothing happens or turn over a fully developed short-term lead to sales.

A qualified, short-term lead typically has ten attributes (see box at left). Unfiltered leads rarely have more than three of these attributes, so any sales rep working on a commission check will be delighted to get all 10. With a detailed picture of the prospect's business drivers, plans and buying processes, the sales rep is positioned as a knowledgeable advisor interested in the prospect's business challenges.

Clearly, the “lead farming” role is incompatible with the sales role. Good prospect developers are hard to find. The best approach to performing the job effectively is to (A) assign it to a specialized in-house team with no direct sales responsibility—or (B) outsource it to a firm totally focused on nurturing leads into sales opportunities.

By not passing unfiltered, unqualified leads to your sales team—and focusing instead on delivering fewer, yet more qualified prospects—you have the very real potential to significantly impact your organization's ability to generate revenue.



about PointClear

PointClear is a prospect development company. Founded in 1997, the Atlanta-based company helps B2B companies fill their sales forecasts with qualified opportunities. PointClear closes the gap between marketing and sales—nurturing leads, engaging contacts and developing prospects until they're ready to close.



Developing Prospects. Driving Revenue.™

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