



Mind the Gap

Can Inbound Do it All?

By **Dan McDade** President & CEO, PointClear



Inbound marketing is the most popular kid on campus these days, with lead-generation pundits praising its potential. It's an approach to new business that marketing organizations need to embrace.

Inbound marketing certainly justifies investment, but it's vital to think of the approach in context. Let the numbers tell you what you need to know. Careful analysis of inbound's contribution to the bottom line reveals significant gaps that clearly show it's not a stand-alone tactic.

To mind the gap requires a carefully designed "allbound" lead-generation program that embraces inbound, nurturing and outbound to optimize revenue.



Inbound Plus Fills the Gap

Many bloggers, consultants and influencers in lead generation today are riding the inbound marketing bandwagon. It's hard to read a marketing-industry news source without a headline claiming inbound is king (and outbound is dead).

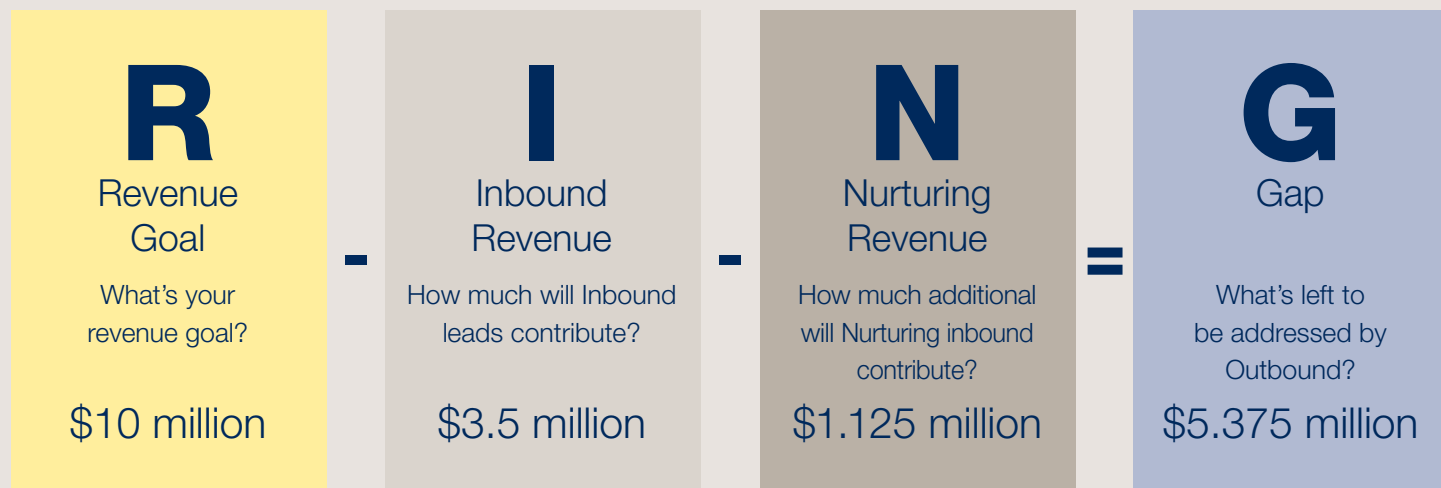
In theory, generating inbound leads is highly productive, warranting annual budget increases of 50% over the past three years, reports HubSpot. Marketers use SEO, SMO, PPC, blogs, social, and content aggregators—every tool in the kit—with the goal of getting prospects to come to them. What could be better?

The fact is, while some inbound leads are worthwhile, recent studies show that generally inbound leads drive smaller deals that often involve relatively lower level decision makers. Why? According to Marketo, "it's unlikely that CXOs are going to spend time trolling the web for blogs or other content." In short, most senior executives aren't willing to jump through hoops to get your attention. To simply wait for the big ones to come your way, while more aggressive competitors take proactive action, is not the smartest course to take.

Unless you're selling a relatively low-priced good, service or commodity, it's unlikely you'll drive enough inbound activity to sustain, much less grow, revenue.

RING HELPS YOU MIND THE GAP

The RING formula helps marketers understand and diagnose important information about the contribution their inbound programs are making to the bottom line: Revenue desired (or required) minus revenue expected from Inbound marketing minus revenue possible from Nurturing inbound leads equals the Gap, or the shortfall that needs to be addressed.



The Risk of Asking Inbound to Do it All

The numbers increasingly show that business-to-business companies are over-reliant on inbound marketing to generate the leads the organization needs. While a well-run inbound program can realistically deliver 35% of the leads an enterprise needs to meet its numbers—the reality is it isn't enough. Without a healthy balance between both inbound and outbound you can expect:

- A reduced level of marketing ROI
- An increased opportunity for competitors to get ahead
- A jeopardized revenue backbone

Quality Is an Issue

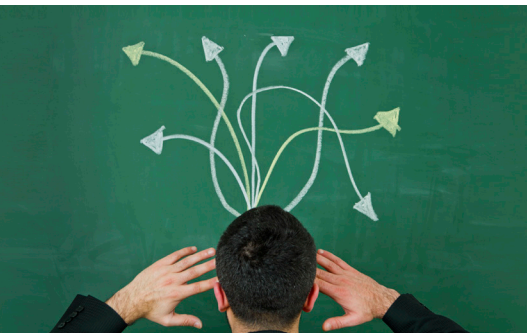
Despite its trending popularity, the marketing automation used to manage inbound leads is not equipped to filter and/or prequalify leads. In fact, thanks to automation, marketing is able to send more unqualified leads to sales faster than ever before. A sales exec recently told me he would “rather have 10% of my current lead flow with 80% of the leads being high quality, than the current state of affairs where only 5% of leads are qualified, at best.”

When sales reps get bombarded with unqualified leads they become conditioned to distrust all leads. When they realize the leads are simply based on form completions regardless of need or fit, they don't bother following up. What competent sales rep would be (or should be) willing to expend precious time and resources to cull through a hundred leads to find five good ones? So instead, they resort to generating their own leads. In average companies sales must find 60% or more of the leads they need to make their number, according to Marketo. While some best-in-class organizations have reduced the percentage to 38%, this number is still too high—sales should be closing deals, not generating, qualifying and nurturing leads.



Allbound marketing encompasses inbound, nurturing and outbound, allowing you to:

- Stay focused on the right market
- Enable prospects to engage with you the way that works best for them
- Achieve your revenue goals



Informative
whitepaper, *From
Chaos to Kickass*,
shows you how to:

- Get measurably better marketing ROI
- Let your sales people focus on what they do best
- Close significantly more deals than you did before

Cost Plays a Role as Well

The cost of an inbound lead vs. an outbound lead is often debated. Fans of inbound tout low cost as a key benefit, but the data shows this isn't the case. PointClear recently performed an evaluation of client cost-per-qualified lead (published in *From Chaos to Kickass*, available on the PointClear website). The findings? Inbound leads may start out low cost, however, since only a small percentage are truly qualified, the cost to qualify them is cost prohibitive. Because these leads are typically not sales-ready, once you spend the money to qualify them, either via inside sales, outsourcing, your marketing team—or worse, direct sales—you've spent far more than you set out to. Our analysis reveals that a raw inbound lead that costs an average of \$25 will be double the cost of an outbound lead once qualified.

Cost Per Raw Lead vs. Cost per Sales Qualified Lead			
Raw Inbound	Qualified Inbound	Outbound List	Qualified Outbound
\$23.15	\$2,662.22	\$.50	\$1,357.25

How Cost Relates to Revenue				
	Target Universe	# Sales Qualified Opportunities	Closed Business	Marketing Cost per \$1 Revenue
Inbound	4,000	280	\$3.5 million	\$.70
Nurture Inbound	1,200	90	\$1.125 million	\$.35
Outbound	8,600	430	\$5.375 million	\$.39
Allbound Results	12,600	800	\$10 million	\$.495

(Based on averages from various industry sources.)

Nurturing is Key

Nurturing is essential for successful lead generation—both inbound and outbound. In fact, I propose that nurturing is the most underutilized marketing activity. Additional contact using multiple touches via multiple media—including phone, voicemail and email—across multiple cycles is well worth the time and expense.

Generally speaking, nurturing programs increase the lead rate significantly.

- Standard lead-generation programs produce an average 5% lead rate.
- Advanced lead-generation programs (which include nurturing) produce an average 15% lead rate—a whopping three times higher.

THE IMPORTANCE OF NURTURING

On average, for every 1,000 prospects, you can expect 50 leads (5%) from a standard lead-generation program. An advanced lead-generation program (which includes nurturing) yields 154 leads (15%) on average. *(Data based on 250,000 dispositions from 2010 through June 30, 2014. A disposition is defined as a completed conversation with a contact.)*

Standard Lead Generation (one lead-generation cycle against list of 1,000)		
5%	Sales Qualified Leads (generated via inbound and outbound)	50 Leads
TOTAL	No additional Sales Qualified Leads generated	50 Leads

Advanced Lead Generation (against a list of 1,000 with proper nurturing)				
Initial Disposition Rate	Dispositions	Nurture Time	Nurturing Lead Rate	Total Leads
5%	Sales Qualified Leads (generated via inbound and outbound)	N/A	N/A	50 Leads
5%	Near-term (qualified and interested)	6 weeks – 3 months	20%	10 Leads
25%	Longer-term (qualified)	Up to 2 sales cycles	27%	68 Leads
35%	Unresponsive (not yet qualified)	Up to 2 sales cycles	7.5%	26 Leads
TOTAL	3x more Sales Qualified Leads generated			154 Leads



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.

A Balanced Approach Lets You Mind the Gap

Enterprises expecting to drive enough revenue from inbound marketing alone to meet their goals will come up short. There will be a gap. The good news is, it can be filled.

By adding often-absent nurturing to the inbound lead-generation process, and including outbound in the mix, you can mind that gap. Your balanced “allbound” marketing program will help you achieve the revenue you need by keeping you focused on the right market; ensuring qualified leads are generated from all sources; and enabling prospects to find you the way that works best for them.

Understanding the realistic potential of inbound, nurturing and outbound is necessary to achieve your revenue goals. Fortunately, it's not guesswork. The numbers are out there to help you predict your success, and balance your activities accordingly. Determining where the gap is—and minding it well—is the smarter way to generate leads, and drive revenue.



Developing Prospects. Driving Revenue.™

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