Lead Management & Social Engagement Study

2014 Key Trends Analysis

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Acknowledgments

We would like to thank all of the sales executives who annually share insights related to their lead generation and marketing efforts, best practices employed to optimize demand creation, and how they utilize social media to improve their interactions with buyers. Without their support and insights, the development of this research knowledge base used to create the 2014 Lead Management & Social Engagement study would not be possible.

Next, we would like to thank the following thought leadership companies for their partnership and insights into lead generation and how social selling is changing the way the game is played. We acknowledge these companies for their forward thinking ideas: LeadLife Solutions and TreeHouse Interactive.

Finally, we would like to thank our editing team whose hard work, diligence, and endless hours made this project possible. Thanks to Kim Cameron, Diane Hodges, PhD, and Andy Jesmok.

Table of Contents

2014 Lead Management & Social Engagement Study Introduction

The data used for this analysis were gathered as part of CSO Insights' 10th annual Lead Management & Social Engagement (LM&SE) study. During this research effort, we surveyed over 400 companies worldwide collecting information on over seventy-five lead management and social engagement effectiveness metrics. By way of revenue coverage, 8.2% of the firms taking part in the study were enterprise companies with revenues greater than $1B, 15.2% were mid-size companies with revenues between $50M and $1B, and the majority were small companies with revenues less than $50M. The data and observations presented were aggregated across all companies, geographies, and industries.

2014 Study Participants by Revenue

>$1B
8.2%

$50M - $1B
15.2%

<$50M
76.6%

Figure 1
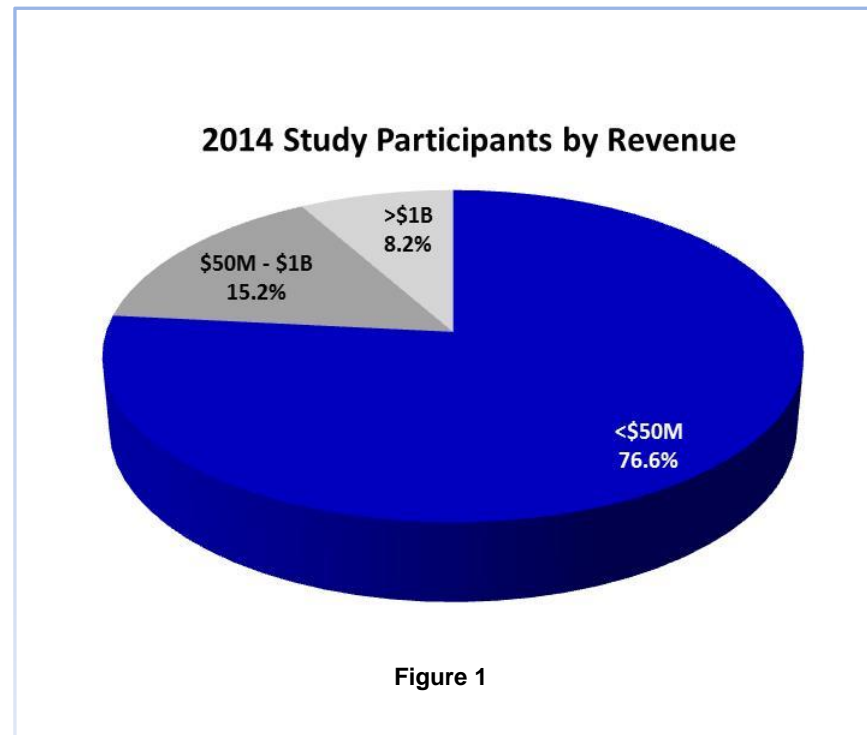
Individuals interested in more granular analyses such as industry, company size, country, and complexity of sales process—virtually every metric in the study—should review our industry benchmarks and contact Laura Andrus to see how they can benefit your company.

Key Trends Analysis Introduction

For the sixth year in a row, acquiring new customers is the front-runner of strategic marketing objectives, as shown in Figure 2 below. There is literally nothing new in this, since increasing market share is always on the agenda for marketing. What is new is the level of cooperation and alignment between sales and marketing, the technology that is being utilized in this ongoing effort, and the role social engagement is playing in helping reps reach out to prospects and customers. For years, sales and marketing have been uttered in the same breath, and yet, they are two functional silos, adjacent to and interdependent upon one another. However, more often than not, they are seen banging against one another rather than teaming together to achieve strategic objectives.

2014 Top Three Strategic Marketing Objectives

Objective	Percentage
Increase New Customer Acquisition	85.3%
Increase Brand Awareness	42.0%
Optimize Cross-selling and Up-selling	30.2%
Optimize New Product Introduction	22.9%
Improve Customer Loyalty	22.9%
Enhance Customer's Experience	22.0%
Optimize Social Media Strategy	21.2%
Improve Sales and Marketing Alignment	17.6%
Increase Customer Renewals	17.6%
Optimize Online Media Strategy	10.6%
Optimize Telemarketing Effectiveness	8.6%
Other	2.4%

Figure 2

This is changing, as reflected in the data gathered this year and the momentum we've seen building over the past few years. Where there was once a bright line delineating pre-pipeline (marketing) functions and in pipeline (sales) tasks, now there is an illuminated margin that continues to expand as these two areas are increasingly joined by processes that feed from one to the other and clever applications that support their success. Although nearly half (46%) of leads are still self-generated by reps, companies' formal lead/demand generation efforts are most often owned and managed by marketing. However, in some companies only sales-ready leads are passed to sales; while those not ready to engage continue to be nurtured. In others, there continues to be no formal processes or even agreement on the definition of a lead, as shown in Figure 3 below.

Definition of Qualified Lead

No Agreed Definition 22.0%

Formal Definition 51.3%

Informal Definition 26.7%

Figure 3
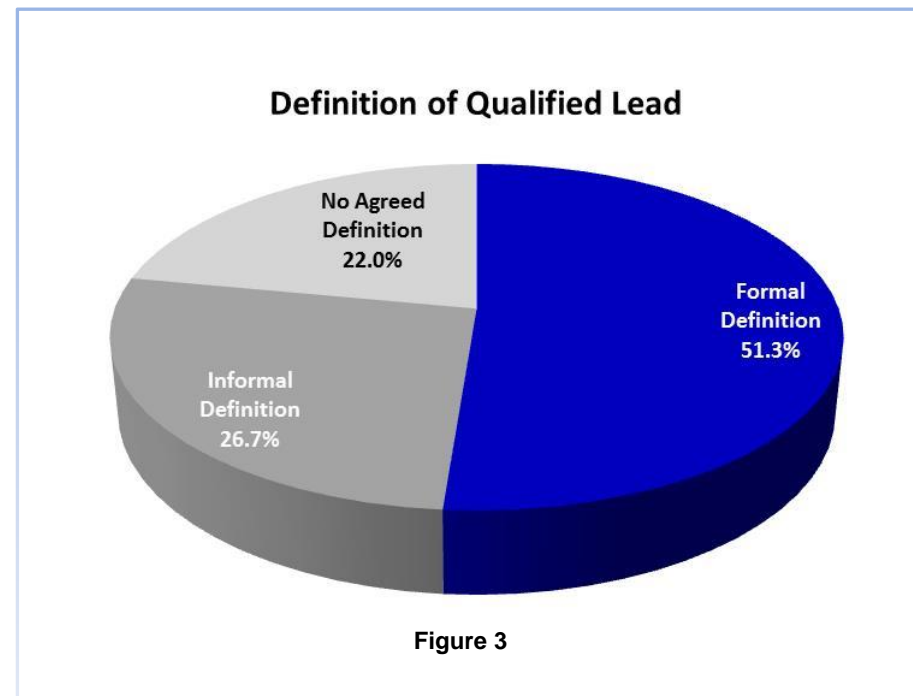
This year, more than ever, we see differences occurring between the "haves" (i.e., those firms with formal lead processes and systems) and the "have nots" (i.e., those that don't). Further, these differences are cumulative and mean that these two groups will find themselves on distant sides of an ever widening performance gap. Part of what fuels and accelerates this gap is funding—investing in systems and measuring how these investments are paying off.

As shown in Figure 4 below, in 2014 just under one-third of firms are maintaining or decreasing their marketing budgets, down from 43.8% last year; the weighted average increase year-over-year is 8.3%. This is good news in general and for marketing in particular, reflecting a positive business outlook. It also continues the upward trend—2013 was up 6.4% over 2012. Again, these are averages across all respondents—firms with a formal lead scoring process and a lead management system were up 9.7% over 2013, those with neither are up just 6.6%.

2014 Total Marketing Budget Compared to 2013

>25% more
13.4%

11% - 25% more
12.6%

6% - 10% more
17.2%

1% - 5% more
24.4%

Same or Less Than
2013
32.4%

Figure 4
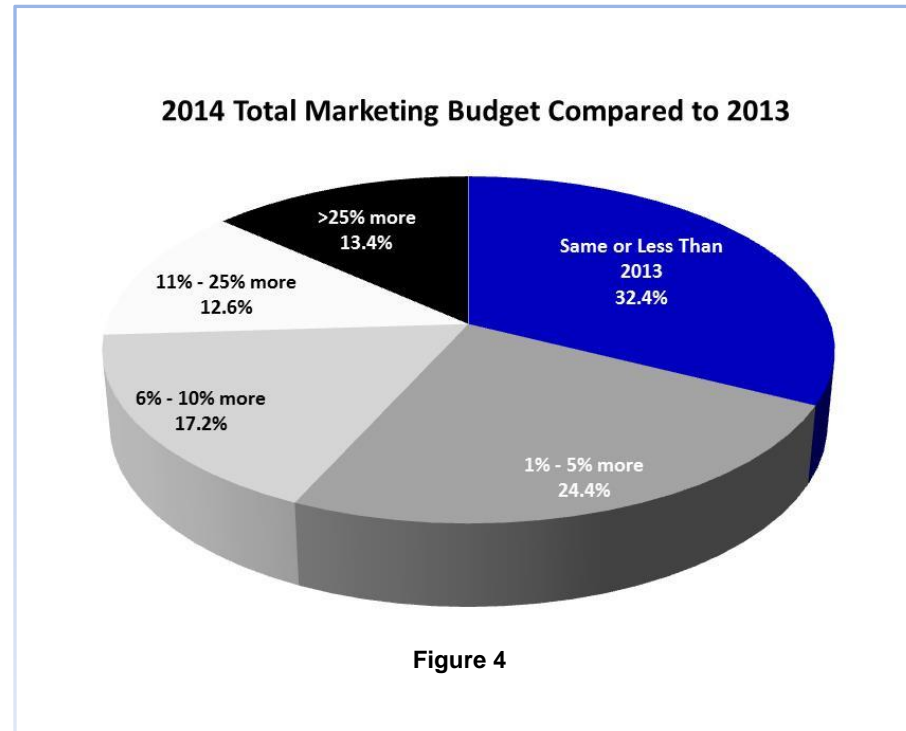
How the ROI of these investments is being tracked is also telling. Whether with or without formal processes and systems, the top two metrics for tracking ROI are: 1) number of leads generated (89%), and 2) amount of revenue ultimately closed (81%). However, while 60% of the firms with formal processes and systems reported tracking these metrics, only 16% of those without either report tracking them.

These differences continue to telegraph through and pile up against the informal firms and their ad hoc approach in a variety of metrics you'll read about in the following pages. Make no mistake, it's not simply throwing money at the problem but rather coordinating sales and marketing efforts that is paying off. As marketing leverages systems to handle lead nurturing, much of the burden is lifted from sales, freeing reps to pursue more sales-ready opportunities. If you're still sitting on the fence or, worse, lobbing grenades over the fence between sales and marketing, get over it.

The other area that is new in this year's report is social engagement. Eighteen months ago, the jury was still out in mainstream B2B with respect to social engagement. This year, the jury and the verdict are in: social engagement is

happening in B2B. Whether it is reps following prospects and initiating dialogue via Twitter or a discussion group, or marketing including social among its outreach tools, this area is clearly in ascendance.

Investment in and leads generated from social media are way up over the past year. Email and live events continue to top the list, but their contribution is declining while social media has now climbed into third place from fifth last year. But for the majority of firms (59%), social engagement remains either informally directed or is in the process of having a policy defined. This is clearly an area that warrants attention and should be part of the ongoing conversation between sales and marketing.

Role Social Engagement Plays in Your Company

No Current Role 8.1%

Active Part of Sales Strategy 15.1%

Planned for 2014 15.1%

Active Part of Sales & Marketing Strategy 37.3%

Active Part of Marketing Strategy 24.4%
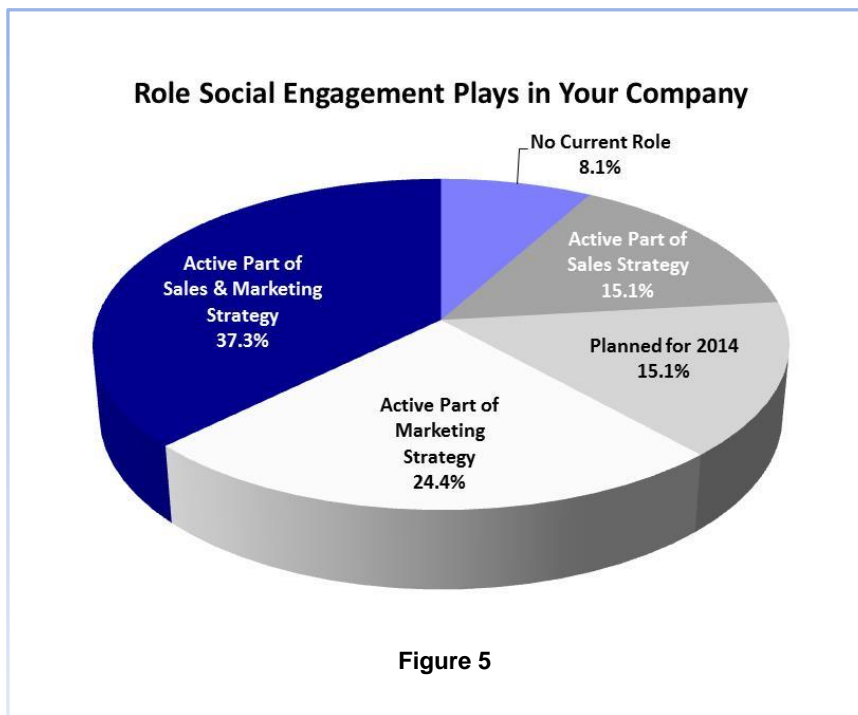
Figure 5

As shown in Figure 5, in three-quarters of firms (76.8%), social engagement plays an active part of sales, marketing, or sales and marketing's strategy. And two-thirds of the remainder plan to add social this year, leaving only 8% of companies with no current role for social engagement. If you're among these, you may want to consider whether your holdout is deliberate or simply the result of inertia. If the former, you should check to ensure the factors that went into your decision are still true. If the latter, the sheer weight of the shift to this being an active part of your firm's strategy may be sufficient to get your company moving.

Not every social outreach is going to result in a sale, nor should it. As you become more immersed in the "social stream", you'll find it has more to do with contributing and, as a result, being recognized as knowledgeable and credible. Credibility is synonymous with "trust" in the B2B world, and for all that has changed, one thing hasn't: lack of trust will kill more deals than lack of money, urgency, and need combined. And high levels of credibility and visibility will increase your lead flow, brand awareness, and win rates. All are worthy and important objectives!

We hope the information in this Key Trends Analysis will help you optimize your lead management efforts. As you read each metric, consider how your own firm would rate. If you're interested in a direct comparison with a more specific peer group, consider ordering a peer benchmark review by contacting Laura Andrus.

In the Going Forward Analysis section, at the end of this report, we revisit the Lead Management Optimization Lifecycle™ introduced last year. Having read this year's analysis and seen the current data, we invite you to further consider how your firm is doing in each of the ten areas outlined. So much opportunity to improve!

While the issues raised in this study have broad applicability, we encourage you to use this information as the basis for brainstorming and goal planning to identify and prioritize your organization's operational challenges. Everyone can benefit from understanding the strategies and tactics of other companies, but in the end, you have to implement solutions that fit your specific business needs, not those of other firms.

Advisory Services clients have direct access to their CSO Insights Analyst at any time, and we encourage you to use this service. Contact us if you have questions or comments regarding these reports, want to know companies that excel in any specific area, or how best to invest your lead generation budgets.

Wishing you continued sales and marketing success in 2014!

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Key Findings

- *Marketing is aware that they need to work harder and smarter to meet sales' needs.*

- *Needs Improvement ratings in all three areas continue to grow.*

- *More dialogue between the two groups improves marketing's ability to support sales.*

Marketing's Assessment of How Sales Rates Their Support Services

Summary of Findings

In the introduction, we saw what marketing is trying to accomplish this year and received some insights into the budgets they have to achieve those objectives. We sought to understand how effective marketing thinks they are in meeting the needs of their "customer"—sales. The chart above shows the marks that study participants gave themselves when asked to put themselves in sales' shoes and assess the quality and quantity of leads they were generating and the effectiveness of the company's website in attracting, educating, and motivating potential buyers.

It is clear that marketing is aware that there is room for improvement in all three of the support services they provide sales. It is interesting to note that as part of the 2014 Sales Performance Optimization study, we asked sales the same questions and saw similar grades as shown in the table below.

Sales' Ratings of Marketing's Performance	Needs Improvement	Meets Expectations	Exceeds Expectations	Do Not Know
Quantity of Leads	67.3%	23.4%	4.4%	4.9%
Website Effectiveness	58.6%	30.6%	6.5%	4.2%
Quality of Leads	61.7%	30.4%	3.0%	4.9%

It is worth noting that both of the ratings from sales and marketing are headed in the wrong direction as the Needs Improvement group continues to increase. Hopefully, the fact that some firms are increasing their lead generation spend will help, but in addition to doing *more*, marketing needs to find ways of doing *better*. You will see in the remainder of the key trends analysis that marketing is leveraging technology more often than in prior years to support and measure the effectiveness of their lead generation efforts. In addition, more companies are implementing new processes for lead scoring and lead nurturing which are paying dividends.

One best practice our 2014 Sales Performance Optimization study surfaced is having a dialogue between sales and marketing as to what constitutes success. We asked the Sales Performance Optimization study participants the question, "Do your sales and marketing organizations have a mutually agreed-upon definition of a 'qualified lead'?" The responses are shown in the chart to the right.

As sales and marketing move from no agreement on a definition to an informal definition, sales' ratings of marketing improve. And as they move from informal to formal, they improve again. Ensuring that everyone is on the same page is an effective first step toward improving sales and marketing alignment.

Sales & Marketing Lead Definition

- No, there is no agreement on a definition 19.3%
- Yes, we have an informal definition 31.1%
- Yes, we have a formal definition 49.7%
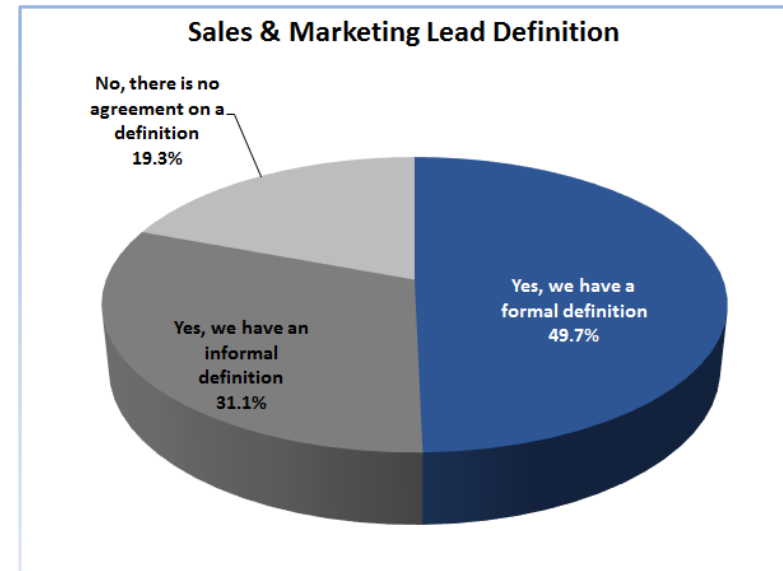
Key Findings

- *Marketing has many things to consider when selecting the "right" things to do.*

- *Social media is gaining more importance as a source of qualified leads. Media and webinars are down.*

- *Future investments point to new methods of engaging prospects.*

Campaigns Delivering the Best Quality and Quantity of Leads

Category	Percentage
Email Marketing	47.2%
Live Events/Tradeshows	37.7%
Social Media	35.9%
Website Registrations	26.4%
Blogs, Podcasts, Mobile Marketing	23.8%
Telemarketing	22.1%
SEO/Paid Search/Google Adwords	19.9%
Public Relations	19.0%
Direct Mail	19.0%
Webinars	17.3%
Newsletters	14.3%
Other	13.0%
TV/Radio/Newspaper/Print Ads	3.9%
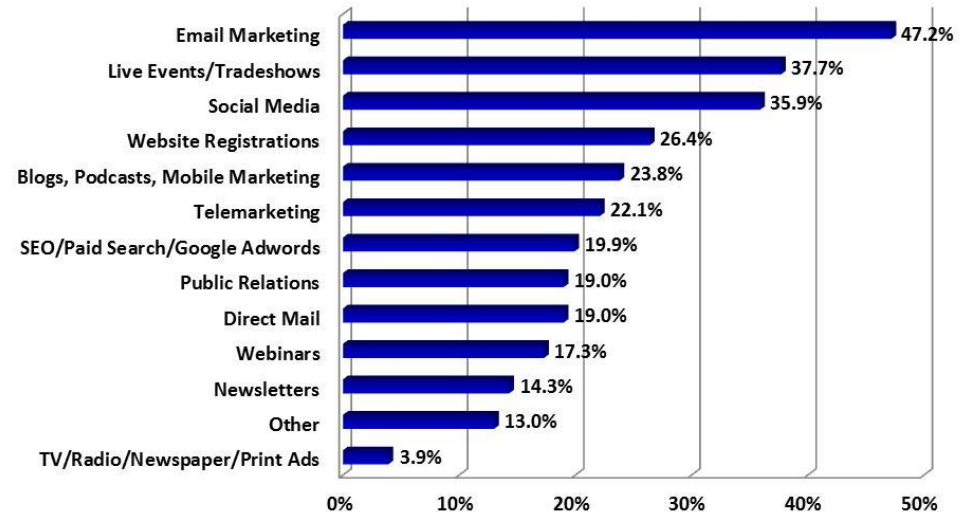
Summary of Findings

Each year we ask study participants to rate the various lead generation options they plan to implement and identify the top three proposed programs that will generate the best quality and quantity of leads. [Note: The proposals from some firms are based on metrics while others are based on hunches, as only 44.1% of the firms taking part in this year's LM&SE study reported they track the ROI for their lead generation efforts.]

The data on the chart revealed that marketing has many alternatives to consider when determining where to make their investments. Email marketing and live events/tradeshows continue to top the list, but the frequency at which they are mentioned dropped. Last year's figures were 50.6% and 45.4%, respectively. After that, there were a number of shake-ups in the ratings of programs.
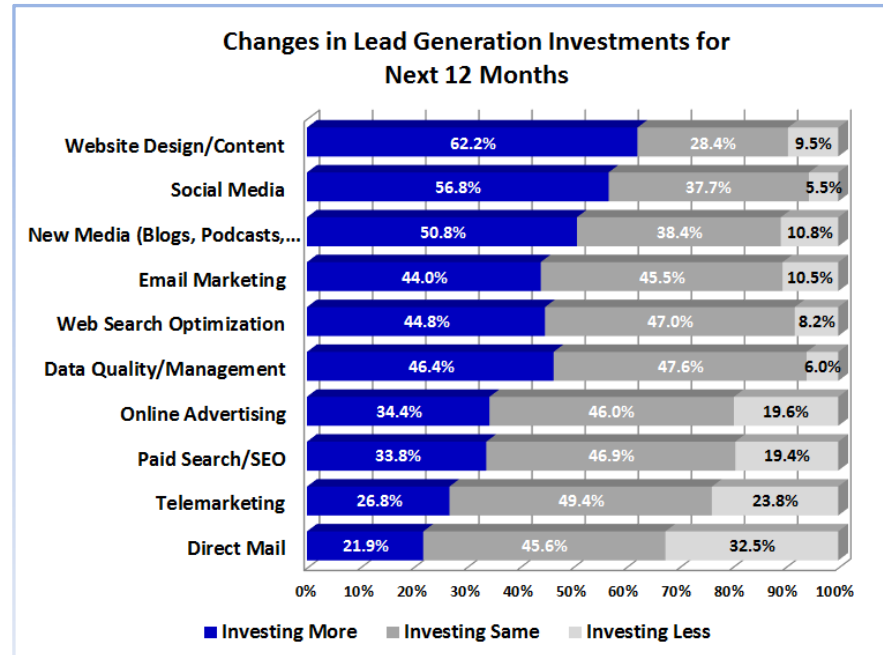
This year, social media vendors such as Facebook, Twitter, and LinkedIn, just to name a few, showed the biggest gain by moving up to third on the list. This compares to eighth on the list in the 2011 study with a 15.8% frequency rating.

New media such as blogs, podcasts, and mobile marketing jumped to the fifth position from tenth last year—where it had a frequency rating of 13%. We were also interested in downward trends. For example, webinars—which had once been as high as fifth place—slipped to tenth place. We hear many comments indicating that prospects may be suffering from "webinar fatigue" and that companies need to find new ways of conducting these events, such as on-demand online briefings.

This question was followed with one that focused on how marketing's investment strategies will be changing over the next twelve months. The chart to the right summarizes their input.

Websites continue to top the list as an area that will be getting more budget for design, content, and web search optimization. Following that, marketing teams are planning to put more into social media and new media options. At the opposite end of the spectrum, telemarketing and direct mail continue to lag behind other marketing alternatives.

Making the right choices on where to invest precious marketing funds need more help from metrics. We were pleased to see the number of firms implementing lead management systems (e.g., Marketo, Eloqua, Treehouse Interactive, and Pardot) increasing again this year. The more that firms leverage the analytic capabilities of these systems, the more likely they will see where to place their demand generation bets.

Changes in Lead Generation Investments for Next 12 Months

| Category	Investing More	Investing Same	Investing Less
Website Design/Content	62.2%	28.4%	9.5%
Social Media	56.8%	37.7%	5.5%
New Media (Blogs, Podcasts,…)	50.8%	38.4%	10.8%
Email Marketing	44.0%	45.5%	10.5%
Web Search Optimization	44.8%	47.0%	8.2%
Data Quality/Management	46.4%	47.6%	6.0%
Online Advertising	34.4%	46.0%	19.6%
Paid Search/SEO	33.8%	46.9%	19.4%
Telemarketing	26.8%	49.4%	23.8%
Direct Mail	21.9%	45.6%	32.5%

Key Findings

- *Marketing is leading the way with social engagement.*

- *More than three-quarters of firms are actively participating in social engagement.*

- *One-half of firms view social engagement as a sales approach.*

The Role Social Engagement Plays in Your Company

No Current Role
8.1%

Active Part of Sales Strategy
15.1%

Planned for 2014
15.1%

Active Part of Marketing Strategy
24.4%

Active Part of Sales & Marketing Strategy
37.3%

Summary of Findings

Defining some terms in the Wild West of social is especially useful. *Social selling (i.e.*, reaching out to individuals with offers and follow-ups) is different than *social marketing* (i.e., putting thought leadership and other quality content out to build brand awareness). Separate still is *social engagement*, an umbrella term that includes social engagement and social marketing but has a broader notion of networking and participating in and creating a dialogue through group discussions, tweets, and more.

While social engagement may seem more noble or altruistic, the above chart shows that what really is energizing the adoption of social in the B2B world is the view that it is another channel for executing sales strategy. And although ubiquitous, instantaneous (e.g., Twitter), and modern, firms still need to experiment, develop, and grow this channel like all others—over time. How's it working out?
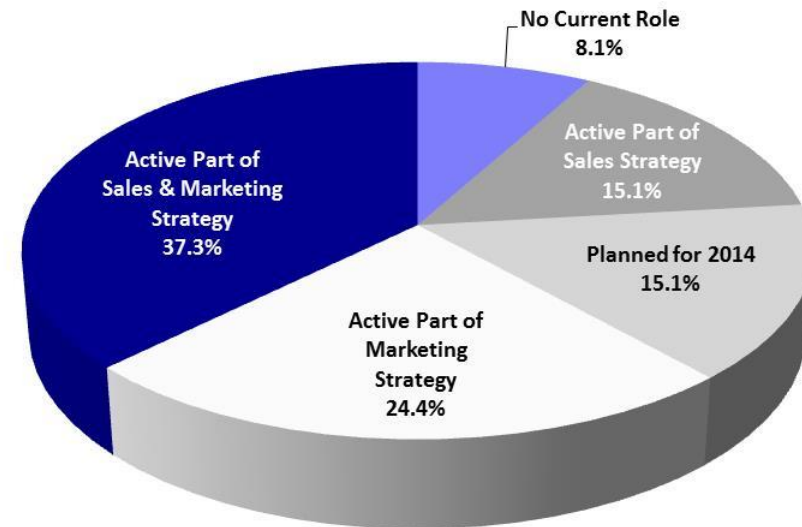
The firms that have embarked on social engagement and view it as part of their sales and/or sales and marketing strategies are more actively supporting their sales reps' success than those that either see no current role for social engagement or are just now planning to launch their programs this year. The table below shows that conversion rates as well as the percentage of opportunities generated by marketing (as opposed to self-generated by reps) are higher in the socially engaged firms.

Impact and Attitudes of Companies Toward Social Engagement	Part of Sales and Marketing Strategy	No Current Role or Planned for 2014
% of Deals Closed from Leads Generated by Marketing >25%	42%	26%
Committed Resources to Training Reps to Use Social Tools	80%	33%
Senior Management Talks About the Notion of Social Engagement	7%	38%

It would appear on the face of things that marketing in the socially engaged firms is contributing more to lead generation than those that aren't. This is further supported by the fact that 58% of the socially unengaged feel their lead generation programs need improvement in aligning with specific sales objectives, versus just 20% for the socially engaged firms.

It's noteworthy that one-third of the firms with no current role for social engagement commit resources to training reps to use social tools; however, this pales against the 80% of firms actively involved in social engagement. It is our suspicion that the performance gap between socially engaged and non-engaged firms will further widen as the benefits of early efforts and investments increasingly pay off. Said another way, senior management in the socially engaged firms is investing in social engagement while their counterparts in unengaged firms are just talking about it. Early on, it may have been prudent to move slowly rather than going "all in" with early social engagement efforts, but those days are over.

Finally, the organization's ability to measure lead generation goals in relationship to pipeline targets is seen as needing improvement in 64% of the non-social firms and exceeding expectations in just 3%, compared with 19% and 17%, respectively, in the socially engaged firms.

Key Findings

- *By a wide margin, exposure is the leading benefit of social engagement.*

- *Lead generation is a distant, but strong second benefit.*

- *Increasing sales and building relationships tie for third.*

Top Three Benefits from Utilizing Social Engagement

Benefit	Percentage
Increasing Awareness	73.3%
Increasing Leads	54.7%
Building Relationship Maps	38.7%
Increasing Sales	37.3%
Identifying Unknown Stakeholders	28.0%
Helping Convert Leads Into Opportunities	24.0%
Shortening the Sales Cycle	17.3%
Competitive Advantage	12.0%
Unsure	4.0%
Other	2.7%

Summary of Findings

Whether or not firms are socially engaged, they all agree on the top objective: acquiring new accounts. Clearly increasing awareness goes a long way toward this primary objective. Developing leads and building relationships are also aligned with this primary and overarching goal. In the prior metric we compared firms for which social engagement was an active part of their sales strategy versus not. When we add to this having a formal policy toward social engagement versus no policy, images emerge of companies that are putting "all the wood behind the spear tip" (i.e., laser-like) as opposed to firms that are scattershot in their approach (i.e., more like white light).

For example, even with traditional lead generation programs such as trade shows and direct mail, not everyone who expresses interest is a "hot" lead. This is even more the case with social media and engagement where contact can be less structured, intentional, or tied to a specific opportunity or project. Firms that have a policy for and incorporate social engagement as an active part of their strategy are twice as likely (21% versus 11%, respectively) to have a formal process for marketing to nurture leads or a blended process with sales and marketing involved in nurturing leads (38% versus 17%, respectively).

When asked what happens to the leads that reps do not see as being ready to engage in a sell cycle, 3% of the socially engaged firms said they were dropped from further follow-up. That figure jumps more than sevenfold to 22% in the unengaged firms!

Building relationship maps (benefit #3) and identifying unknown stakeholders (benefit #5) are increasingly important in today's B2B environment. The number of individuals involved in decision making averaged just fewer than five, as found in our 2014 Sales Performance Optimization study, and each of these buying influences likely confers with at least one other individual, usually unidentified. These "phantom" influencers often emerge at the eleventh hour to raise issues and/or stall out deals.

Sales intelligence services such as InfoUSA, InsideView, Nimble, Avention, and Zoominfo look into the networks of colleagues and prospects to help fill in blanks in reps' understanding of the accounts they are pursuing. Beyond simply mapping possible players in a buying organization, following individuals' postings and tweets provides insight into their situations, opinions, and current questions.

What has been called "swimming in the social stream" is the modern version of a sales rep being allowed to roam the halls of a buying organization. While this was common in days gone by, it is much less acceptable today for two reasons: 1) tighter security and visitor escort requirements and 2) intense daily meeting schedules. Either of these makes "dropping into" someone's office or cubicle an unwelcomed intrusion.

Conversely, offering answers, referrals, and/or resources to issues raised on social media, doing the homework associated with covering all the bases in customer/prospect accounts, and being useful and accessible without becoming a pest contribute to building and elevating relationships, which have always equated with good selling.

Key Findings

■ *Poor data quality is an issue that can derail marketing programs.*

■ *Sales intelligence services improve data accuracy and richness.*

■ *Increased use of big data/analytics to help surface insights from data.*

Accuracy Ratings of Customer and Prospect Data
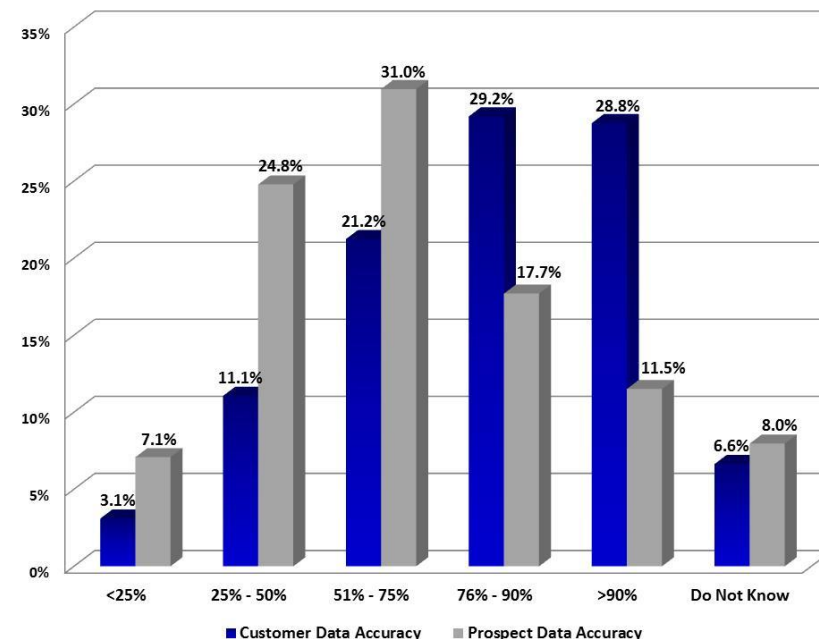

Summary of Findings

At the beginning of this Key Trends Analysis we shared the top objectives that marketing had for 2014. As a reminder, some of the key objectives included in the list were capturing new accounts, optimizing cross-sell and up-sell, optimizing new product introductions, and improving renewal rates. They all require that firms have good, if not great, information on the customers and prospects they are trying to motivate and educate. The chart shows that this is a major problem for many companies.

Let us help build a case for why you need to fix this problem if you have inaccurate or incomplete information on the prospects you are trying to sell to. We segmented the study data looking at the 10% of firms that have 90% accuracy ratings on both customer and prospect data. When comparing these best-in-class firms to the rest of the study participants, we found that they were generating a higher percentage of leads *for* sales and a higher percentage of those leads were actively being followed-up on *by* sales. But the insight that really got our attention was the difference in conversion rates of leads to first discussions, as shown in the following table.

Lead to First Discussion Conversion Rate Comparison Based on Data Accuracy	Customer and Prospect Data Accuracy 90%	Remainder of Study Participants
Conversion rate >90%	31.0%	7.4%
Conversion rate 76% – 90%	17.2%	15.1%
Conversion rate 51% – 75%	27.6%	15.4%
Conversion rate ≤ 50%	20.6%	46.0%
Do Not Know	3.4%	15.8%

An increased number of companies leveraging sales intelligences services are also tackling the data accuracy challenge. In addition, many of these services are providing sales teams with further insights about their customers and prospects that are useful in developing the compelling reasons for their prospects to agree to meet with them and start down the buy cycle path. The ability to increase the odds of not only getting in the door, but getting in the game, is generating an ROI that far exceeds the cost of these services.

Another trend is the increasing use of big data/sales analytics from vendors (e.g., Aviso, Collective[i], C9, Lattice Engines, and Mintigo) to surface insights from the data that firms already have or can access regarding their customers and prospects. By turning the power of big data loose on this information, companies are surfacing attributes on what makes a prospect likely or very likely to buy from them.

With this information in hand, marketing can do a more effective, laser-focused job of targeting the right types of accounts and maximizing the value of their lead generation investments.
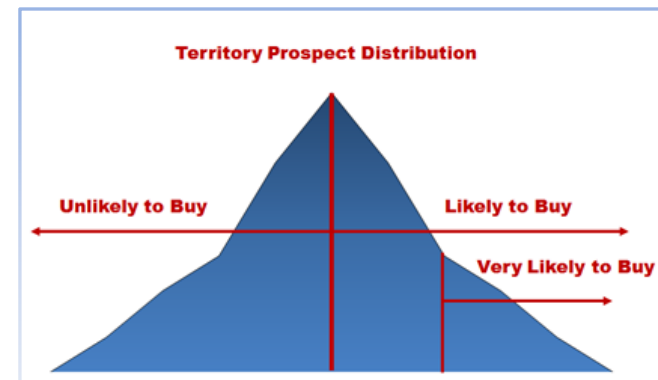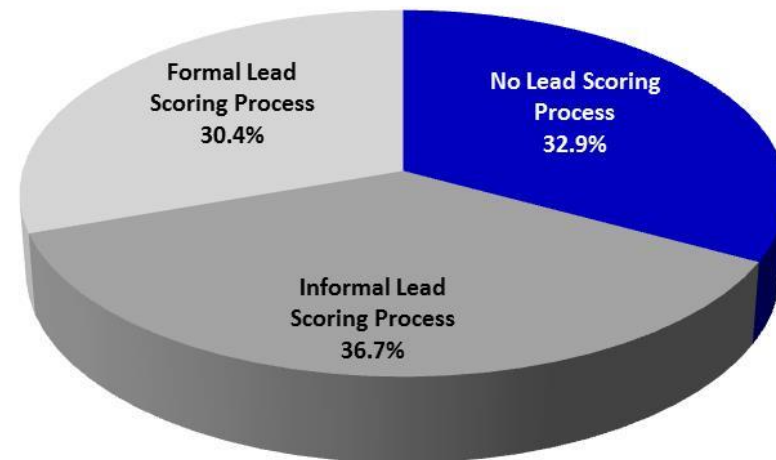
Key Findings

- *Developing a formal lead scoring process is gaining more support.*

- *Formal lead scoring improves marketing's performance in many areas.*

- *Lead scoring does not seem to impact the percentage of leads turned over to sales.*

Methods for Scoring Leads Generated by Marketing

Summary of Findings

The graphic to the right shows a fairly even distribution between firms that formally score leads, those doing so informally, and those that don't have a process. Formal lead scoring jumped nearly five full points in the past year, with roughly half of this gain from each of the other two segments. But although formal lead scoring is gaining ground, is it also paying dividends? Short answer: you betcha!

All three groups agree on the top strategic marketing objective: increasing new customer acquisition. This scored between 84% and 89% as number one, with increasing brand awareness a distant second with 39% to 51% ratings. The table below shows how effectively each group was rated in its ability to attract, nurture, and turn over quality leads. As you will see, applying some rigor and discipline to this process—along with some technology—takes the companies that formally score further down the road.

| Various Indicators of Marketing's Performance	No Lead Scoring	Informal Lead Scoring	Formal Lead Scoring
Percentage of Leads Generated from Marketing Programs	26%	34%	53%
Website Needs Improvement in Engaging/Informing Prospects	68%	51%	42%
Marketing Handles Lead Nurturing Either Informally/Formally	24%/3%	31%/12%	16%/31%

The differences in ratings of marketing's performance as shown above are stark. It's clear that there is more going on in the companies with formal lead scoring than simply having a process in place—although this is a key place to begin. They are also investing in their marketing departments to assure they: a) are keeping pace with competition and technology and b) are easing the burden on sales to generate and nurture leads.

Various Indicators of Marketing's Performance	No Lead Scoring	Informal Lead Scoring	Formal Lead Scoring
% of 2013 Marketing Budget Dedicated to Lead Management	14.1%	18.9%	22.3%
Has Your Organization Implemented a Lead Management System? Yes/No	21%/79%	38%/62%	70%/30%

This is a chicken and egg argument. Are the firms doing a better job of lead generation because they have formal processes and invest in their marketing efforts, or is it that because they have formal processes they're better able to leverage their marketing investments? Either way, the answer is clearly that they go hand in hand, and which precedes the other is moot. What no longer appears to be up for discussion is the value of defining and adopting a formal lead scoring process and implementing a lead management system to sustain it.

Key Findings

- *Increase in lead follow-up by sales teams compared to last study.*

- *Split views of how to handle the disposition of non-sales ready leads.*

- *Conversion rates of leads to first discussions are a challenge for sales.*

Percentage of Leads Turned Over to Sales that are Actively Followed Up
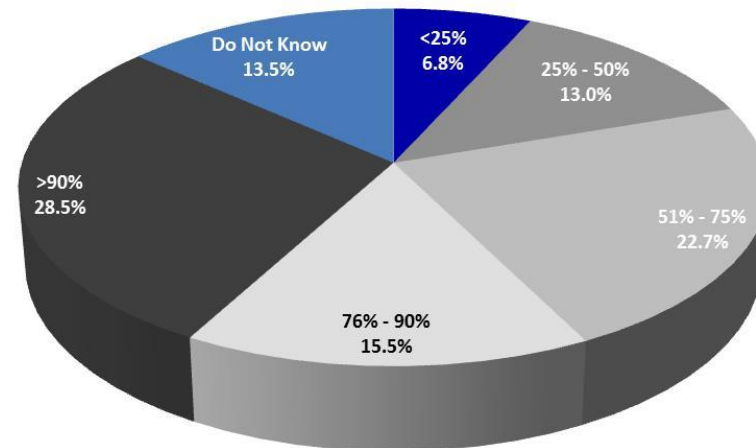
Summary of Findings

It is one thing to generate leads, but if the prospects are not actively engaged with the sales teams, then the effort is wasted. The chart to the right shows the summary of responses received when we asked study participants what percentage of leads are actively followed up. The numbers represent an increase compared to the 2013 Lead Management study data. For example, the >90% group increased from 23.8% a year ago to 28.5%.

As a follow-up to that question, we asked what happens to leads that salespeople deem are not ready to pursue. We found that 36.2% of the companies left those leads in the hands of sales so that they could continue to develop them over time. In 39.6% of the organizations surveyed, the leads were sent back to marketing to nurture. Finally, in 11.6% of cases the leads were dropped altogether and 12.6% of the firms did not know what happened to those leads.
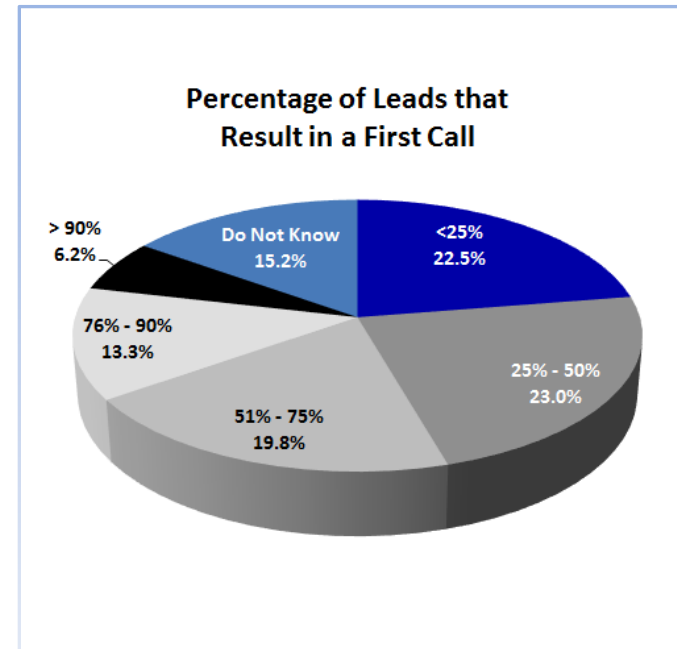
An encouraging trend was found when we compared the conversion rates of leads to first discussions (i.e., the prospect agrees to have a further conversation with the salesperson about their products or services). After seeing the

conversion rate decline for four straight years, we witnessed a turnaround this year. The chart to the right summarizes the responses.

Three factors appear at play with regard to improvements in conversion rate effectiveness. The first is sales reps having access to sales intelligence services. Those firms in which salespeople conduct research on the prospect account and the key stakeholders prior to contacting them are more successful in obtaining a commitment to have a further conversation.
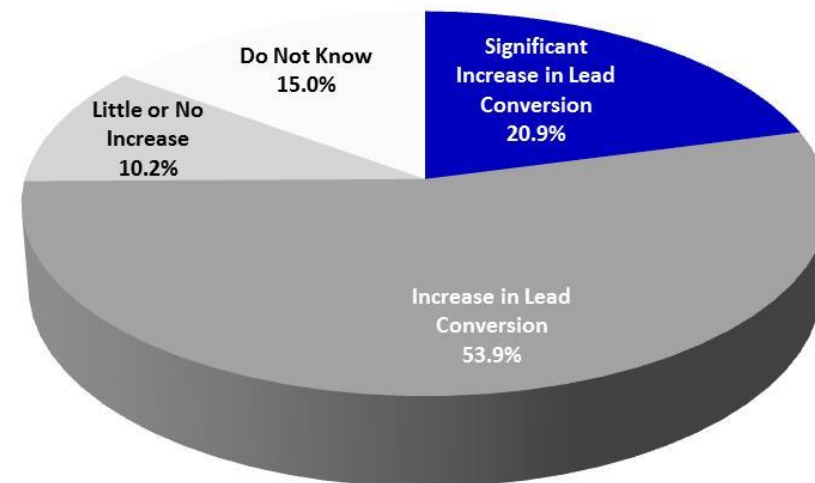
We also noted that lead scoring has an impact on conversion rates. For example, 14.5% of the companies with a formal lead scoring process had a conversion rate of >90%. This compares to 8.7% where firms had an informal process and 7.8% for those with no process.

The last trend was the quality of sales support materials to which sales teams had access. The higher the ratings of sales support materials by sales, the higher the conversion rate, as salespeople were able to share relevant facts and insights with their prospects and earn the right to take the discussions further.

Percentage of Leads that Result in a First Call

- > 90% 6.2%
- Do Not Know 15.2%
- <25% 22.5%
- 25% - 50% 23.0%
- 51% - 75% 19.8%
- 76% - 90% 13.3%

Key Findings

- *Little change seen in this metric year-over-year.*

- *Formal lead scoring and lead nurturing go hand in hand.*

- *Ad hoc or informal lead management is increasingly falling behind in the lead generation race.*

Impact of Lead Nurturing on Total Leads Generated Per Campaign

Do Not Know 15.0%

Little or No Increase 10.2%

Significant Increase in Lead Conversion 20.9%

Increase in Lead Conversion 53.9%

Summary of Findings

The percentages shown in the graphic to the right have only changed in minor ways, basically moving clockwise which, in this case, is the wrong direction. Significant increase in lead conversion gave up three points to increase in lead conversion. Little or no increase decreased five points, which normally would be a good thing, but Do Not Know picked up most of these increases by more than four and a half points. What's going on? Isn't lead nurturing supposed to be a good thing?

The answer is yes, and the issue is that the graphic is depicting aggregated (i.e., averaged) results across the entire survey population. There are differences in results, some extreme as tabulated on the next page. Granted all leads are not good leads and some sorting/sifting needs to occur. Nurture programs allow this to happen over time with prospects either rising up and getting nearer to sales ready, or drifting down and out of the sales pipeline. But without an economical system and process to nurture them, leaving it to sales becomes increasingly costly and inefficient. The

table below compares firms that have a formal lead scoring process and implemented a lead management system with firms that have no formal process for lead scoring and have not implemented a lead management system.

| Comparison of Companies' Lead Handling Efforts and Implementation of Lead Management System	No Lead Scoring/No Lead Management System	Formal Lead Scoring and Lead Management System
Significant Number of Nurtured Leads Turn Into Opportunities	15%	26%
Some Nurtured Leads Turn Into Opportunities	47%	61%
Nurturing is Handled by Sales	36%	12%
Leads Not Ready to Engage are Returned to Marketing	15%	72%

We first wrote this report several years ago to track lead management and since then have seen major strides made in this area. Having sales continue to nurture leads that they've qualified as not yet ready to engage is truly a misallocation of resources. Like prospecting, nurturing is something that needs to be done; however, reps generally don't like doing it or aren't very good at it, and it is an expensive method. This is clearly an area where sales and marketing alignment can and does pay big dividends. The table below shows just a few ways.

Comparison of Companies' Lead Handling Efforts and Implementation of Lead Management System	No Lead Scoring/No Lead Management System		Formal Lead Scoring and Lead Management System	
	Needs Improvement	Exceeds Expectations	Needs Improvement	Exceeds Expectations
Align Lead Generation Programs to Specific Sales Objectives	57%	5%	31%	24%
Measure Lead Generation Goals Relative to Sales Pipeline	60%	1%	37%	24%
Help Sales Reps Communicate With Subject Matter Experts	45%	7%	31%	18%

Key Findings

- *Many firms are struggling with giving sales the support they need to move deals forward.*

- *Right tools and content are helping salespeople sell more effectively.*

- *CRM is providing marketing with metrics on what tools/content are being used.*

Extent to Which Marketing Tools Support Selling Throughout the Sales Process
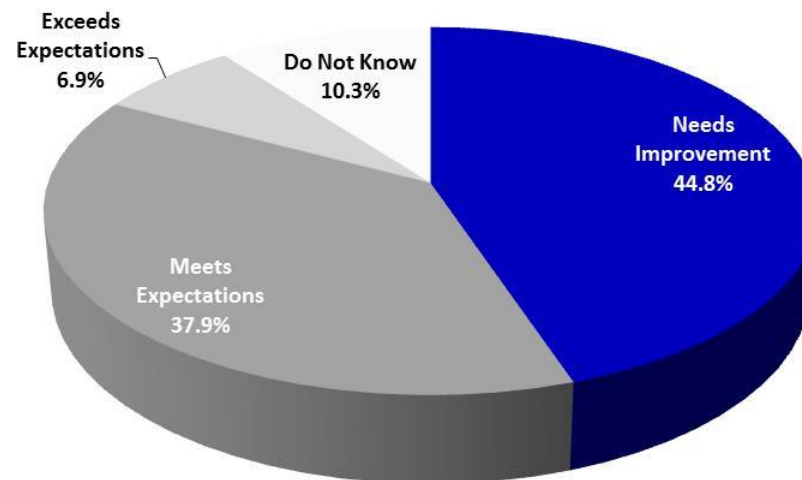
Summary of Findings

The first thing most of us think of in regard to marketing effectively supporting sales is a throwback to *Glengarry Glen Ross*: "Where are the leads? We gotta have the leads!" That is clearly a key requirement from sales, but it is only part of the equation. In addition to having leads, sales needs marketing to provide the content and tools needed to effectively turn the leads into sales.

Above we see that 44.8% of the firms recognize that they are underperforming in regard to this aspect of supporting their sales teams. These numbers are in line with the 45.2% needs improvement number that sales teams gave marketing regarding tools and content support as part of the 2014 Sales Performance Optimization study. While both of these numbers represent a modest improvement from the figures reported last year, more work needs to be done.

The following table shows some of the differences in sales performance based on the content/tools ratings:

Comparison of Various Indicators of Marketing Support Throughout the Sales Process	Marketing Content/Tools Support Throughout Sales Process	
	Needs Improvement	Exceeds Expectations
Leads Accepted by Sales to be Followed Up >90%	21%	42%
Lead to First Discussion Conversion Rate >75%	9%	31%
Measure Lead Generation Goals in Terms of Pipeline Targets Needs Improvement/Exceeds Expectations	69%/6%	16%/21%
Help Sales Reps Communicate With Subject Matter Experts During Sales Process: Needs Improvement/Exceeds Expectations	69%/6%	5%/47%

Given the right support, salespeople will follow up on more leads and generate more first discussions. The 2014 Sales Performance Optimization study data showed that sales teams win more deals as well. We see this task becoming easier over the next few years as more companies implement sales knowledge management and engagement solutions such as ClearSlide, Revegy, Tellwise, and SAVO. These applications not only allow salespeople to easily access the tools and content they need to sell, they also provide marketing with metrics on the items being used by sales and how effective individual tools and content are in helping educate and motivate prospects to buy.

Here's the key takeaway: get your sales and marketing teams working together! The numbers support the value in doing so. If you'd like an example of how Marc Roberge, Senior VP, Sales and Services at HubSpot, determined how to quantify and define exactly what marketing and sales promise to deliver to the other, read our Sales Management 2.0 eBook, Volume 9. Their numbers are impressive, as are their programs and analytical way of thinking. Take notes and see how your organization's numbers can impress when sales and marketing are aligned.
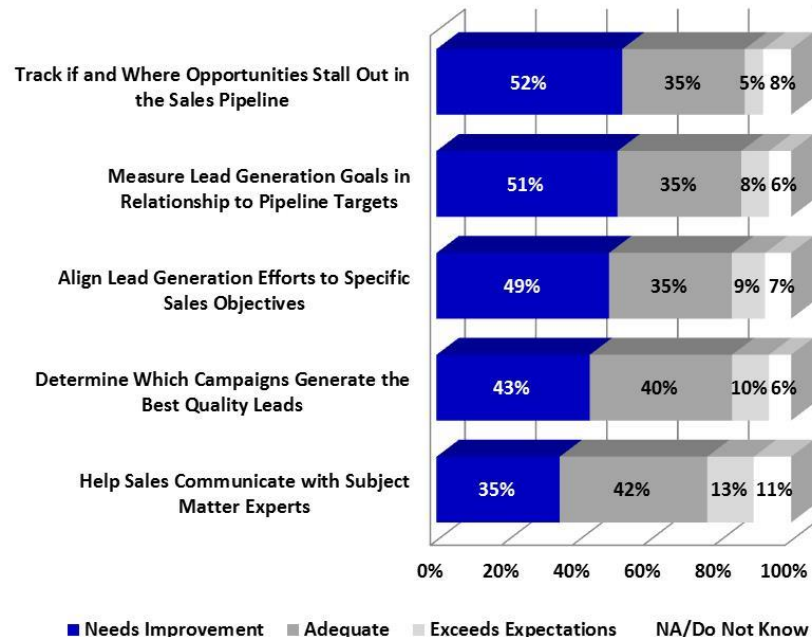
Key Findings

■ *Marketing lacks visibility into what happens to sales-accepted leads.*

■ *Marketing needs more input from sales on what they are trying to achieve.*

■ *Understanding the ROI of lead generation is elusive for many firms.*

Assessment of Sales and Marketing Alignment

	Needs Improvement	Adequate	Exceeds Expectations	NA/Do Not Know
Track if and Where Opportunities Stall Out in the Sales Pipeline	52%	35%	5%	8%
Measure Lead Generation Goals in Relationship to Pipeline Targets	51%	35%	8%	6%
Align Lead Generation Efforts to Specific Sales Objectives	49%	35%	9%	7%
Determine Which Campaigns Generate the Best Quality Leads	43%	40%	10%	6%
Help Sales Communicate with Subject Matter Experts	35%	42%	13%	11%

Summary of Findings

When we talk with CMOs and CSOs, improving sales and marketing alignment is often a stated goal. As part of the 2014 Lead Management & Social Engagement study, we explored the key sources of misalignment. There is a lot of work to be done to get these two functional areas to work together more effectively—much of which can be improved with an increase in communication and data sharing.

The area that needs the most improvement is providing feedback to marketing on the final disposition of leads that sales pursued. As shown above, visibility into what happened to leads that did not end in the "closed" column is also an issue. Improvements in this area are occurring when more companies implement lead generation management systems that are linked to their CRM systems. This is illustrated in the following table where we compare the ability to track opportunities when a lead generation system is in place. Leveraging technology can easily, and often automatically, provide both sales and marketing insights into what happens as opportunities move through the sales process.

Ability to Track Stalled Deals as Related to Using a Lead Generation Management System	Tracking Meets Expectations	Tracking Exceeds Expectations
Using a Lead Generation Management System	38.8%	17.2%
Not Using a Lead Generation Management System	29.6%	5.0%

The second and third items on the metric from the previous page are symptomatic of marketing's lack of knowledge and/or understanding of what sales is trying to accomplish and vice versa. As part of our Sales Management 2.0 eBook Series, Volume 3, we conducted an interview with Kevin Joyce, Chief Sales and Marketing Officer at Miranda Technologies, who discussed how he broke down the walls between sales and marketing in the companies he led over many years. Kevin was the first person we ever heard use the term "smarketing", by which he meant that sales and marketing view themselves as a single integrated function rather than as separate functional areas. His insights are well worth reading if your teams are misaligned.

When considering the ratings for the ability to determine which programs generate the best quality of leads, the main issue may be a lack of metrics. In the chart to the right, firms that calculate the ROI of their lead generation efforts are in the minority.

Within the 44.1% of firms that have a process for calculating ROI, just under one-third are able to track the amount of revenue that is generated from leads that are delivered to the sales force from marketing. Again, using a Lead Generation Management system can provide a variety of metrics to determine what is and is not working in relationship to creating demand for your products or services.

Process in Place for Tracking the ROI of Lead Generation Programs

Yes 44.1%

No 55.9%
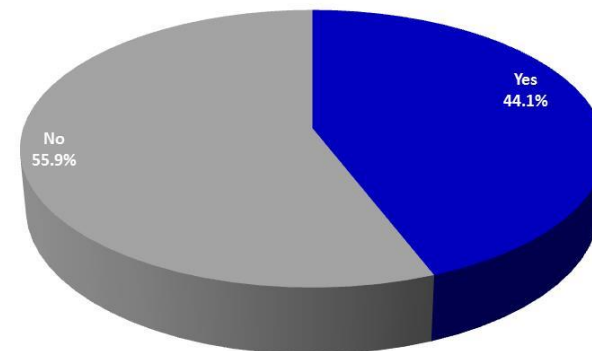
Going Forward Analysis

Before we provide our recommendations on what companies should do based on the 2014 Lead Management & Social Engagement study findings, let's review the Lead Management Optimization Lifecycle™ concept introduced last year.

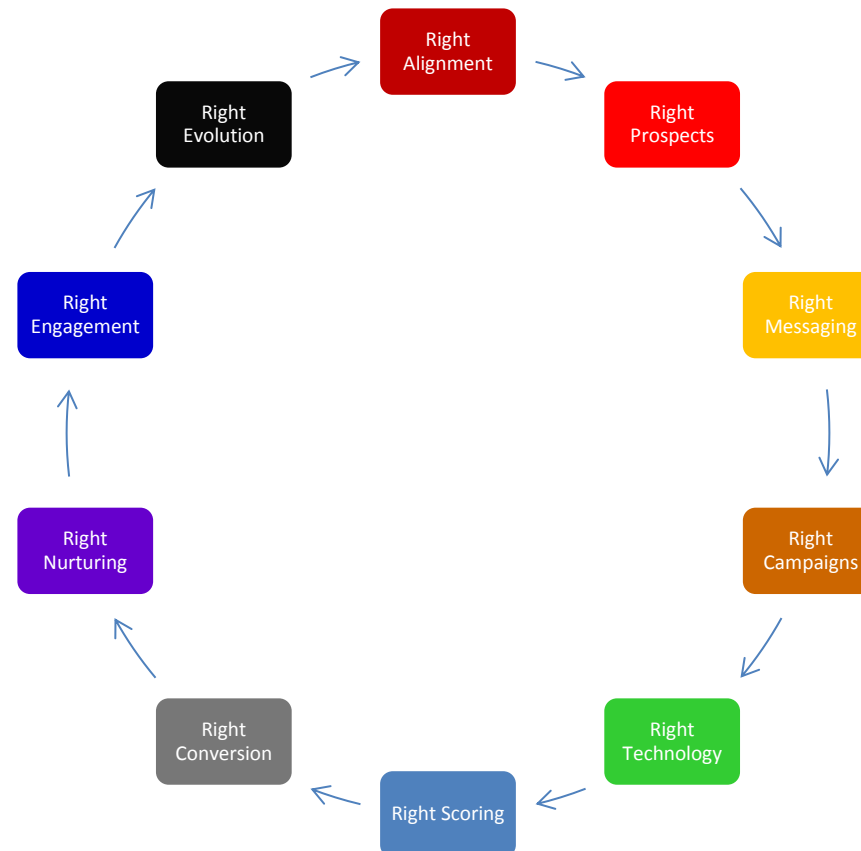**Lead Management Optimization Life Cycle™**

Figure 6: Process Steps in an Optimal Lead Management Lifecycle

The Lead Management Optimization Life Cycle™ concept emerged as we benchmarked companies that excelled at not only brand creation and demand generation, but also in leads to sales conversions. If you are not familiar with the concept, below is a brief overview of the ten attributes that should be the foundation of an initiative to optimize lead management effectiveness:

Right Alignment: The cycle starts with marketing and sales aligned with the objectives that need to be accomplished, what needs to be done to achieve them, and who has ownership for each task.

Right Prospects: Marketing prioritizes which types of existing and potential customers to engage that support their objectives and ensures they have access to accurate information that will allow them to actually "connect" with these individuals.

Right Messaging: Realizing that multiple stakeholders often need to be engaged to motivate the start of a buy cycle, marketing develops targeted messaging to generate interest with each of the different types of prospects.

Right Campaigns: To deliver these messages, marketing executes campaigns using the most effective combination of traditional, web-based, and social media lead generation programs to reach their target audiences.

Right Technology: Marketing leverages technology to effectively execute the lead generation campaigns and actively manages the leads generated.

Right Scoring: As prospects respond to these campaigns, marketing assesses which leads are marketing qualified and sales qualified. Each lead type is handled appropriately.

Right Conversion: Marketing and sales are responsible for converting leads into initial discussions and providing prospects access to the right collateral and tools to motivate them to begin a buy cycle.

Right Nurturing: When a qualified prospect is unable to commit to starting a buy cycle, marketing initiates a formalized lead nurturing program to keep the solution provider (your company) top of mind with the prospect and regularly assesses their interest level.

Right Engagement: Sales accesses the right collateral, tools, and support needed to navigate qualified prospects efficiently and effectively through all of the steps in the sales process and delivers marketing feedback on the effectiveness of the marketing generated services.

Right Evolution: With the right systems in place, marketing tracks the disposition of leads through the sales process and generates metrics to make knowledge-based decisions on how to optimize future lead generation efforts.

Here we are a year later. We still see that proficiency in these ten attributes of lead generation management is key to driving long-term, sustainable revenue growth. We also see that companies will not be able to entirely achieve their full potential around the Lead Management Optimization Lifecycle™ without conducting the following tasks:

- **Leverage Big Data:** Companies need to get better at identifying which prospects to target (and which to avoid). Big data solution providers such as Collective[i], Lattice Engines, MicroStrategy, and Mintigo show a lot of promise in identifying previously unseen attributes to target prospects that are likely or very likely to buy.

- **Optimize Your Sales Intelligence Investments:** Firms have to fix the data quality/quantity issue in order to optimize lead generation. As most firms are leveraging one or more sales intelligence services (e.g., Avention, Data.com, InsideView, LinkedIn, and Zoominfo), they need to reevaluate what is being used today versus what is available. Don't renew contracts until you know you are getting the best bang for your buck.

- **Implement a Lead Generation Management System:** If you are like 58.4% of firms that have yet to implement a lead generation management system such as Marketo, Eloqua, Pardot, or Treehouse Interactive, do so now. You will be hard-pressed to meet your long-term demand generation objectives without this important technology.

- **Fully Understand and Leverage Social:** LinkedIn, Facebook, and Twitter are all great ways to market to and interact with customers and prospects. However, they are not the full solution. Take time to look at other technologies to help you design, execute, and manage social campaigns by leveraging these outlets.

- **Formalize Lead Scoring and Nurturing:** If your lead generation management and/or marketing automation platform is in place, fully utilize it. Formalize your lead scoring and nurturing processes, and leverage your applications to implement these processes. If you need help, turn to consulting firms that specialize in getting the most out of your technology investments.

- **Don't Stop at Demand Creation:** Generating interest means nothing if you can't convert interest to orders. When optimizing lead generation, make sure you have discussions with the people responsible for providing sales with the content and tools they need to close business. Also, make it easy for sales reps to gain access to those resources by leveraging sales engagement platforms such as ClearSlide, SAVO, and Tellwise and understand what your buyers are most interested in to help move deals forward.

- **Determine Your ROI with Metrics Not Hunches:** Make sure your lead generation, marketing automation, and CRM applications are configured to give you timely and accurate data on the disposition of all leads. Metrics that show where best to invest your scarce resources to maximize your ROI are a must!

- **Realize "Done", Never Is:** Always look for the next problem to solve. Are too many people abandoning forms on your website? Take a look at Hushly. Want to expand lead scoring to factor in a prospect or existing customer's "social" score? Take a look at NextPrinciples. Want to expand your lead generation efforts to include your channel partners? Take a look at TreeHouse Interactive. New innovations are coming to market every day. Be sure you know what they are.

Undertake an honest self-evaluation of how your efforts stack up to what you could/should be doing. Once you have completed that assessment, Advisory Services members should contact their CSO Insights Analyst to schedule a briefing on the best practices other marketing teams have implemented to address similar issues you are facing today.

Questions or comments on the findings from this study may be directed to:

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Find More Analysis	*Recommendations Going Forward*

Sales Management Optimization Key Trends Analysis

Lead Management Optimization Key Trends Analysis

Sales Compensation & Performance Management Key Trends Analysis

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About CSO Insights

CSO Insights is a sales and marketing effectiveness research firm that specializes in measuring how companies leverage people, process, technology, and knowledge to improve the way they market and sell to customers. For twenty years, CSO Insights' surveys of over 15,000 sales effectiveness initiatives have been the standard for tracking the evolution of the role of sales, revealing the challenges that are impacting sales performance, and showing how companies are addressing these issues.