

Why Your Sales Force Needs Fewer Marketing Leads

Yes, you read the title correctly. Sales reps don't need more marketing leads. They need fewer leads—or more accurately, *fewer raw, unfiltered, unqualified marketing 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 lead list: 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 with that lead list. For example, a recent study by KnowledgeStorm and Artemis Group found that for technology products and services, line-of-business managers and functional titles are much better sources for marketing leads 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 a lead list. Moreover, he is jaded from bad marketing practices. In his rookie year, he wasted enormous amounts of time reviewing marketing's lead list and following up on so-called "qualified leads." As it turned out, one-fourth had erroneous phone numbers and addresses. Another 20% of the lead list 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.)

Meanwhile, over 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 marketing leads from all sources—that's a 30% gain over last year! And in spite of higher ad rates, we continue to keep our cost-per-lead under \$100.00!"

Jennifer's report says nothing about how marketing leads are qualified and nurtured, how the lead list was created, or what the sales force has done with previous marketing 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 a lead list is wasted unless the leads are managed and monitored to ensure a return?

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

Far too many companies, however, evaluate marketing's success by the size of the lead list they hand over to sales. These companies do not have effective processes and methodologies to track anything other than the number of marketing leads generated and transferred to the company's lead list and the associated cost. Many of the same

companies fail to hold sales accountable for closing the qualified 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.

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

- “This month, marketing added 14 new prospects to our Sales Opportunity Development program. A total of 41 sales opportunities are currently under development by marketing.”
- “In June, sales received 10 fully nurtured and qualified leads representing \$3,520,000 in potential near-term revenue. I have attached a summary report.”

By preparing a comprehensive “Sales Opportunity Report,” Jennifer could clearly document the characteristics of the marketing leads in several areas:

- Sales representative assigned
- Prospect’s company and the decision maker
- Revenue potential
- Initial contact date
- Number of weeks lead was nurtured
- Number of program touch points used
- Date lead was handed off to sales representative
- Expected date of purchase decision

Such a report might indicate that sales representative “Carol Barrett” received two qualified marketing leads this month. Each had already been contacted at least seven times; the best touch point techniques use multiple media—some combination of phone, voice message, e-mail, 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 of the qualified leads, marketing provided Carol with 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 marketing leads, rather than an unfiltered lead list, Carol gives them priority attention. For one thing, she knows her regional manager will be inquiring about these qualified leads. More importantly, she knows from experience that these marketing 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 a large lead list full of unfiltered marketing leads, or the one that gives Carol two qualified leads that are expected to close within six months?

Who's Minding the Lead Farm?

Cahners Research has shown that 45% 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 to create an initial lead list.

Ideally, the lead list that emerges at the other end—ready for professional handling by a lead-hungry sales force—is a steady supply of qualified leads, 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 marketing leads once they enter the funnel. Marketing, focusing on lead cost instead of quality, thinks it has done its job simply by creating the unfiltered lead list. No one contacts or qualifies the inquirers. No one augments the marketing leads with demographic and firmographic data. No one nurtures long-term suspects into short-term prospects. No one evaluates the effectiveness of the sources used to create the lead list.

In this garbage-in, garbage-out scenario, you can't blame sales reps for ignoring this type of lead list.

Who Should Process Leads?

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

Typically, only a small portion of freshly generated marketing leads should be put on the short-term lead list. 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 marketing leads, the bulk of the work overwhelmingly rests with sales—and that is a recipe for failure. Even if marketing leads are pre-qualified, sales people are notoriously poor in following up on all but the "hottest" of leads on a lead list. In fact, experts say, sales does not follow up on more than 70% of leads provided to them.

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 a lead list, qualify the leads, 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 rather than simply creating a generic lead list. Think of this group of specialists as lead farmers—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 e-mail 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 voice-mail, e-mail 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 marketing leads. Many will save your e-mails or letters and will eventually self-qualify. Sometimes they respond to a letter or e-mail from weeks earlier, or they call when the latest touch-point coincides with their timing window.

After a dialog has been opened, the lead farmer begins probing, documenting, and tracking—always with the aim of moving the leads 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 buyers may be put off. If otherwise well-qualified leads are stalled due to budgeting or other considerations, the specialist follows up meticulously at the appropriate time. Ultimately, the specialist will disqualify the leads if nothing happens or turn over a fully developed short-term lead to sales.

Short-term qualified leads typically have ten attributes (see below). Unfiltered marketing leads rarely have more than three of these attributes, so any sales rep working on a commission check will be delighted to get all ten. 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.

Attributes of Well-Qualified Leads

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

Clearly, the “lead farming” role is incompatible with the sales role. Good lead farmers 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 marketing leads into sales opportunities. But, whatever you do, don’t give a list of unfiltered, unqualified marketing leads to your sales team.

About the Author

Dan McDade is the founder and president of [PointClear](#), the Business Prospect Outsourcing company. Before McDade founded PointClear, he served as Vice President of Marketing for the direct mail firm Jackson & Perkins and as President of UST: The Business Marketing Group. PointClear works to [increase sales](#) and lower cost per lead for clients by building databases, managing prospecting programs, performing list segmentation, analyzing ROI and developing target market intelligence.