

You Gotta Score to Win

Lead scoring takes on new meaning in today's competitive marketplace

Why can't I get more qualified leads?" the sales manager pleads. "You give us inquiries, but we don't know what they want, when they want it or if they are budgeted. It would help to know if they are qualified to buy." He continues, "You send them a package of literature, and marketing doesn't reach out to them again. How about giving us more qualified leads and skip the raw inquiries?"

Sound familiar? Sales managers and salespeople plead for help, and the marketing team struggles to create demand—yet just creating more inquiries is expensive and futile. A few years ago, qualification of inquiries (via grading and scoring) was a convenience for letting your salespeople know which leads were hot and which were not. Today, it is merely a by-product of what scoring can do for your company and its sales efforts. But before we get into how to do it, you must be convinced of why scoring is necessary.

It's Always Predictable

Inquiries and leads always close at a predictable rate; it's no longer excusable to not know the closing ratio. The Rule of 45, widely respected in the B-to-B world, states that 45 percent of all inquiries turn into sales for someone... and it is a stone-cold fact.

Simply put, measure any lead generation campaign by tracking the results (at three-, six- and 12-month intervals, or longer if

the sales cycle exceeds 12 months) and you will find that 10 percent to 15 percent of the inquiries buy in three months, 26 percent buy in six months and 45 percent buy in one year. Believing this and proving it is the basis for all future actions, allowing you to forecast the future. For every 100 inquiries, there will be 45 buyers for *someone*—let's make sure it's your company.

Follow-up of Inquiries by Sales Has Not Changed

Most companies report only 10 percent to 25 percent of the inquiries sent to their sales channels are followed up. When you give the sales team 1,000 inquiries, there are 450 buyers in the group. If salespeople only follow up with 100 to 250 of the inquiries, statistically they only will be pitching to a small percentage of the actual buyers. And that means lead generation dollars are being wasted.

A CRM System Is No Guarantee

The myth persists that just having a CRM system improves follow-up. But it's not the existence of a software package that does this. Only people improve follow-up, while CRM capabilities improve the efficiency of that follow-up and the reporting. Marketing automation systems (sometimes embedded in a CRM system), can increase sales. But salespeople have to be trained to follow up, and the software has to be proactively used as a follow-up/nurturing mechanism. When they are combined, sales can increase substantially—but neither will reach their full potential unless a very basic step is accomplished: The inquiries have to be graded.

Call to Consummate

Research shows inquirers require three to six "touches" on average before a sale is consummated. These touches have to be made, or the sale goes to the company that "stays in the conversation." Touches are a combination of sales calls and marketing communications. But the marketing team can't stay in touch with prospects unless it knows what to say. And it can't know what to say without asking inquirers questions and grading the responses.

Nurturing Can't Start Without Lead Scoring

You cannot feed and nurture prospects without knowing something about their needs. You must ask questions

(continued on page 40)



(continued from page 39)

and get answers such as BANT (IBM's acronym, which represents budget, authority, need and time). If you ask questions and get answers on business reply cards, at trade shows, from your Web contact page, on telemarketing scripts, etc., you can prequalify 50 percent to 60 percent of inquirers. The remaining prospects can be called or e-mailed to determine their needs. Once you have these answers, you can grade inquirers by their responses. This does five things for marketing and sales:

- **Salespeople can judge an inquiry.** It allows the salesperson to judge the initial value of the prospect.
- **Marketing can judge the initial value of the lead generation tactic.** If you received more "A" or "hot" inquiries from one source versus another, you may want to spend more money with the hotter source.
- **Helps send only sales-ready leads.** The marketing team can decide whether it will send only "sales-ready" leads to the sales channel and hold back less qualified inquirers until more is known of their intents.
- **Marketing can nurture.** The marketing team can mount a nurturing campaign for inquirers based on their scores.
- **Sales increase.** Give salespeople qualified leads with a rule for 100 percent follow-up, and sales will increase. If the marketing team performs some of the follow-up duties, it will share in the glory. According to automated lead

management systems firm AdTrack Corp., lead nurturing will increase sales more than 30 percent.

Lead Scoring Is Based on 'Triggers'

If you ask questions—also known as "triggers"—and grade the responses, you can build future touches based on prospects' needs and closeness to making buying decisions. For instance:

How soon will you need a solution?

- 60 days or less three-six months
 seven-12 months

Depending on how this question is answered, you probably will say this is an "A" or "hot" response—or maybe a "B" ("warm") or "C" ("cool") response. But this is only one question. Combine this trigger with:

Are you budgeted?

- Yes Not yet

Depending on the answer, you still may have a hot lead, not just an inquiry, or maybe something cooler if the inquiry does not have the money to buy. Putting a numerical grade on each answer will allow you to total up the score. A score more than 90 is considered hot, 75 to 90 is warm and 56 to 75 is cool. If you use Boolean logic to grade inquiries instead of a numerical grade, you will get more finely tuned grade levels. For instance, let's add another trigger:

Are you the decision maker?

- Yes No

Looking at all of these answers, you might find that if the inquirer says he is buying in 60 days or less, but there is no budget and he doesn't have decision-making authority, the inquiry may be a B or a C grade. If the lead says he will buy in seven to 12 months, is budgeted and the decision maker, the lead probably will be an A grade.

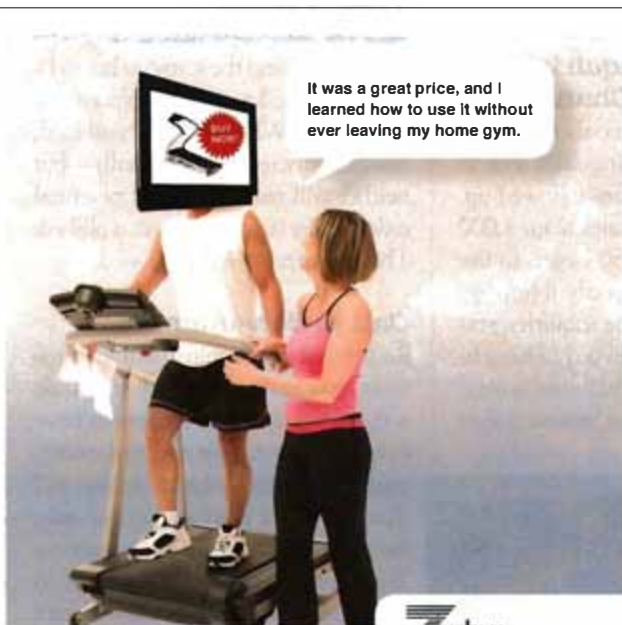
Numerical grades are easy to assign to the answers for the questions. Boolean logic is more difficult for some systems, but it can give you a better result. For instance, a Boolean command may be: If the answer to question 1 is 1A, and the answer to question 2 is 2B, and the answer to question 3 is 3B, this is a cool or only a warm lead.

Over Time, Regrade Lead Sources

Depending on the answers and grades, you will nurture suitable inquiries with mail, e-mail and telephone calls. The process either will eliminate inquiries from the prospect pool or create sales-ready leads for the sales channel. And as actual sales results occur, the marketing team can regrade inquiry sources to spend precious lead generation money on sources that bring in sales, leaving competitors to spend money on everything else.

The message is that marketers who score win more. It makes sense when you think about it. ■

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