Presented by DemandGen Report

7 STEPS

TO IMPROVE YOUR CONVERSION RATES NOW

The Do's and Don'ts of Lead Nurturing & Lead Management

Chances are your company has come up short on a sales forecast or two during the past year. Challenged by cautious buyers who have strung out purchase plans, managing the pipeline during the downturn has become increasingly challenging for BtoB organizations. Therefore, in many cases, the four or five deals forecasted to close in the last quarter often resulted in only two or three signed contracts.

Even with advanced CRM tools, accurately projecting which deals will move from inquiry to proposal to close has become a struggle for even the most experienced and sophisticated sales teams. In order to better predict and influence deal outcomes, many leading BtoB organizations are realizing that the most critical buying signals are uncovered by incorporating lead management and lead nurturing tools and processes into their pipeline strategies. These tools enable organizations to track the entire lead lifecycle and better respond to changing buying signals.

In this white paper we will spotlight the best practices leading companies are employing to **identify their most likely buyers** as well as the automated tools and tactics leaders are using to help **progress and accelerate prospects** through the buying cycle.

We will spotlight "7 Steps" organizations can take to drive **short-term improvements** in their lead progression rates from responses to closed deals, and at the same time, arm their sales teams with intelligence that will **avoid deals stalling in the later stages** of the sales funnel.

In examining how leading companies are using **closed-loop sales and lead tracking,** we will also provide guidance on the breakdowns which can be addressed in the sales lead management process to avoid slowdowns and opportunities leaking from the sales funnel.

In addition, the paper will provide **real world nurturing scenarios** which illustrate the impact automated drip marketing programs and lead management solutions can have on accelerating deal cycles.

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"Best-in-Class companies keep very robust databases to help understand their customers, the buying cycle, the needs, desires, wants, behavior, etc."

Ian Michiels
Aberdeen Group

1. Improve Lead Capture with Database Segmentation

Unfortunately, the **contact database** is often taken for granted and suffers from a lack of investment, legacy process and poor management. Too many companies patch together a contact list, made up of outdated contacts from trade show attendee lists, or simply duplicate any and all contacts that have been entered into the sales force system.

However, case studies have consistently shown that industry leaders that have invested the time and money into de-duping their lists and segmenting their lists by industry verticals, key job titles have seen substantially better response rates. "Best-in-Class companies keep very robust databases to help understand their customers, the buying cycle, the needs, desires, wants, behavior, etc.," Ian Michiels, Senior Analyst for Aberdeen Group, recently told DemandGen Report. "These components should play a role in developing the marketing message and segmenting into unique market segments."

With the ability to send relevant messaging to targeted prospects, best-in-class marketers have seen response rates on email campaigns improve from the 1%-2% average at the low end to better than 5%.

To Do List:

✓ **Segment your contact database** by industry vertical, region, job title or other criteria which will influence the topics of interest of your top prospects.

✓ Consider engaging with a specialized BtoB database provider to **supplement your list**. These market experts can usually tailor a list by SIC Code or Revenue Size to help you reach your target audience.

✓ Experiment with **Buyer Personas,** which will help to establish model customers and prospects. Personas have proven successful in representing the common buying attributes of various segments and the factors which will help to convert prospects to customers.

What **NOT** To Do:

Don't waste time and money sending email campaigns or telemarketing to databases which are out-of-date, have duplications or lack complete contact information. Poor execution at this early phase of the marketing and sales funnel will negatively impact ROI calculations and make it difficult to accurately measure open rates and click through rates, as well as other conversion rates.

2) Optimize Outreach to Increase Response Rates Via Personalized Emails & Relevant Messaging

"Make sure your 'Thanks for your interest' has a real person's name on it – people buy from other people more readily than they buy from corporations."

Jay Bower
Crossbow Group

Once your database is up-to-date and segmented to target audiences, the next step is to upgrade your outbound marketing by making sure that the messaging is as relevant and engaging as possible. This is the critical point where lead management and marketing automation become competitive differentiators as they enable marketers to **test response rates** and measure subsequent **online and offline activity.**

Testing not only allows marketers to see who is responding to various outreach, but also shows which links they are clicking and which Web pages they are viewing. This intelligence allows smart marketers to **customize outbound campaigns** with content that is tailored to the topics and pain points which have resonated with other prospects.

By using relevant messaging to initiate a relationship with a prospect, case studies have demonstrated that the success rate is much higher when someone from sales makes contact. For example, Transplace saw its first call contact success rate increase by 85% after rolling out a marketing automation solution in October of 2008.

The leading third party logistics provider used the automation tools to deliver content-based email and direct mail campaigns which built relationships with decision-makers at highly-scored prospects and primed them for telemarketing follow-up. "In past years our phone based success rate in getting to the right person was about 12% to 15%," said Bill Hale, VP Marketing and Business Development at Dallas, TX-based Transplace. "Back then it was 'who is this?' Now it's 'hey, I was expecting your call.'"

In addition to helping to deliver targeted content, some marketing automation tools allow users to personalize messages to individual prospects. As Jay Bower, President of Crossbow Group, a leading BtoB marketing agency recently told DemandGen Report, "Make sure your 'Thanks for your interest' has a real person's name on it – people buy from other people more readily than they buy from corporations."

Aberdeen Group's recent study titled *"Email Marketing: Get Personal With Your Customer,"* found the following performance variations after personalized email campaigns were implemented:

- **Click through rates improved 14%;**
- **Open rates improved 6%;**
- **Conversion rates improved 11%.**

"The touch points required for lead nurturing must be informative, and therefore, content oriented,"

Jim Burns
Avitage

To Do List:

✓ Make them an **offer they can't refuse.** By doing A/B testing on different subject lines, content and graphics, successful marketers can increase the number of contacts who raise their hand to engage with their brand. This testing not only improves response rates at the early stages of the funnel, but also provides the sales and marketing team with insights into the topics which are most pressing to potential buyers.

✓ Use **multiple touches** and multiple media types in your outreach. Research consistently shows that "one and done" marketing fails to engage prospects. Successful lead nurturing is all about creating messages that match a buyer's key interests and pain points and then finding the most effective media to deliver those messages. "The touch points required for lead nurturing must be informative, and therefore, content oriented," said Jim Burns, President of Avitage, a marketing communications consultancy which specializes in accelerating the buying cycle. "Previously, the role of sales reps was to provide this information -- either in real-time conversations or delivered as documents. Today, there is too much information for reps to be walking encyclopedias. And delivery is accomplished in an online, digital mode that can by-pass the rep."

✓ Remember **Content Is King.** During challenging economic times, prospects often require more hand-holding and education before committing to a purchase, which makes a library of relevant content even more critical. "Buyers want content that is focused on their specific interests, based upon their business role, specific needs, stage of the buying process, industry considerations, alternative approaches, and other buying considerations," added Avitage's Burns. "Initially, buyers will engage with an organization's content before talking with a representative."

What NOT To Do:

Don't spray and pray. The shotgun approach of sending the same mass emails to everyone on your contact list will show diminishing returns and will also result in list fatigue. By investing in segmenting your contact base and sending relevant content to targeted prospects, you will increase Webinar registrants, and drive more white paper downloads, which will ultimately trickle down to upticks in sales opportunities and closed business.

Real-World Nurturing Scenarios: Shortening The Sales Cycle

Sure lead nurturing sounds good in theory, but how does the process really help to accelerate the sales cycle and re-engage deals that have fallen off the radar. For a real-world example, we interviewed the CMO of one best-in-class BtoB organization and looked at 3 different scenarios where the timeline of a deal was impacted by lead nurturing.

Although the sales cycle was actually the longest in **Scenario #1** at five months, the impact of the lead nurturing was probably the most critical because the prospect actually went dark for a period but was kept warm and re-engaged through a series of emails. The prospect was unresponsive to sales outreach for an extended period, because they were using a competitive solution at the time.

While the prospect had seemingly gone dark, the company remained engaged through a **series of more than 20 different touches** from the marketing department. Thanks in part to this ongoing nurturing program, the prospect was quickly moved to close once their contract with the competitive provider had ended.

In **Scenario #2**, the company's use of **lead scoring and profiling** was critical during the early stages of the funnel as the prospect was quickly placed into an advanced nurturing program based on the **demographic fit.**

Using the company's lead management system, the company was able to **track ongoing activity** and then quickly turn the lead over to sales once the prospect's score increased to a pre-set threshold. These **activity-based triggers** helped determine the appropriate time for sales engagement and helped **shorten the sales cycle** in this scenario to three months.

In another example of how powerful lead scoring and nurturing can be when they are combined, **Scenario 3** saw a prospect move from contact to close in only a two month period. After only two touches from a lead nurturing program, the prospect's lead score quickly increased and triggered contact from sales.

After going through a demo with a sales representative and having the benefit of being educated through website visits and nurturing content, the prospect moved rapidly from a prospect to a customer.

Scenario 1: 5-Month Timeframe

Prospect Clicked on Google Adword

- Viewed Product Overview on Website
- Marketing Entered Prospect into Nurturing Program
- Prospect Responded to Nurturing Email & Requests Demo
- Prospect Request 2nd Demo & Meeting with Senior Execs

Prospect Goes Dark from Buy Cycle

- Nurturing Emails Continue
- Prospect Responds to Nurturing Email & is Ready to Buy Based on Prior Relationship
- **Prospect Closed** as New Customer

Scenario 2: 3-Month Timeframe

Prospect Downloads a Sponsored Research Report

- Demographics Fit Target Profile but Score is Not High Enough to Trigger Sales Call
- Prospect Entered into Accelerated Nurturing Program, Set for 6 Touches
- Prospect Attends an Industry Event Provider is Sponsoring
- Prospect Downloads Targeted White Paper

Prospect Score Increases, Triggering Sales to Call

- Sales Schedules a Demo with Senior Execs
- **Prospect Closed** as New Customer

Scenario 3: 2-Month Timeframe

Prospect Reads a Company Press Release

- Clicks through to Corporate Website
- Downloads a White Paper
- Demographics Fit Target Profile, but Score Not High Enough to Trigger Sales Call
- Marketing Puts Prospect on Nurturing Program, Set for 2 Touches
- Prospect Responds to 2nd Email, Views Demo

Lead Score Increases, Triggering Call from Sales

- Prospect Schedules an Immediate Demo
- **Prospect Closed** as New Customer

3) Make It Easy To Engage

Tailoring the offer and having the right content are critical steps to increasing open rates and click through rates, but in order to **collect the prospect's contact information,** it is critical to make the engagement process as painless as possible for respondents.

By **optimizing landing pages** with the appropriate number of fields to match the offer, marketers greatly increase the odds that a prospect will complete the form and begin that first critical phase of engagement.

Marketing automation and tools are essential at this phase as well, as industry best practices have consistently shown that prospects are willing to provide more background information as they advance through the buying process. For example, forms to download a white paper typically require fewer fields than a Webinar, and prospects are typically willing to provide more background for a Demo or Free Trial.

By deploying a lead management solution that provides the creation of customized landing pages, marketers can provide **pre-populated forms,** which require the respondent to complete one or two additional fields at each phase of engagement.

"Landing pages and micro-sites are the core to effective nurturing because in the final strategies, they can help capture budget, authority, need and time line and content information prior to delivering the lead to sales,"

Ian Michiels
Aberdeen Group

In Aberdeen Group's recent report, *"Lead Nurturing: The Secret to Successful Lead Generation,"* author Ian Michiels pointed out that the lead capture phase often provides the best intelligence on a prospect. "Landing pages and microsites are the core to effective nurturing because in the final strategies, they can help capture budget, authority, need and time line and content information prior to delivering the lead to sales," Michiels said.

Another advanced automation tool some marketers are employing to increase their conversion rates are **Personal URLs or (PURLs).** Not only are PURLs a customized landing page, but they are specific and unique to the person. In addition to giving prospects their own URL to visit, PURLs allow marketers to display images and text which are applicable to various industries or demographics.

To Do List:

✓ **Build a tiered approach to data collection.** Don't ask a prospect to provide complete background information, budgets and timelines when they download their first white paper. Get the basics first and then ask for a little more intelligence as they advance through the buying process.

✓ **Automate and personalize your data capture process.** For those companies that have not yet invested in a lead management system, creating a new landing page is usually a time consuming process that requires the support of the Web or IT department. Advanced marketing automation solutions allow marketers to build their own customized landing pages, easily tailoring the forms, and graphics to fit that campaign and target audience.

"Companies that sell complex solutions can use that exchange to educate and qualify potential business buyers before those buyers talk to a live representative. This education and qualification process can last for months across numerous, inter-connected exchanges."

Dave Green
PipeAlign

What NOT To Do:

Don't overload the registration form. Sure it is tempting to make it eight required fields to download the new sponsored research report, but your conversion rates will increase dramatically by reducing that number to five or six. Also, don't make all landing pages look alike. Studies have shown that the most effective landing pages reflect the design and messaging of each campaign, rather than a static look and feel.

4) Use Trigger-Based Messaging, Drip Marketing

In an ideal world, every prospect would respond to a campaign, schedule a demo and immediately progress through the buying cycle. However, the reality is most new customers require an **average of five contacts before closing.** Some complex solutions require between nine and 11 touches before the prospect is ready to become a customer.

Given the need for nurturing prospects over a period of time with a series of content offers and calls to action, Drip Marketing techniques and tools have proven to be most effective for companies selling considered purchases. **Drip Marketing** allows marketers to establish a series of conditions and actions that will automatically distribute messaging which matches the **lifecycle of the lead.** This technique enables marketers to send relevant messaging which corresponds with where the buyer is in the research process, nurturing the lead until they are ready to buy.

A key automation tool which enables effective Drip Marketing is an auto responder feature, which allows marketers to **continuously engage** prospects through pre-set actions and messages. For example, a marketer can schedule the auto responder to send a customized follow up to all attendees of a Webinar, or send a different targeted message to all the prospects who download a white paper.

Dave Green, CEO of demand generation consultancy PipeAlign and co-author of *The B2B Refinery,* recently defined the process of engaging prospects through an automated information exchange as Digital Dialogue. "Companies that sell complex solutions can use that exchange to educate and **qualify potential business buyers** before those buyers talk to a live representative. This education and qualification process can last for months across numerous, inter-connected exchanges," Green said.

To Do List:

✓ Establish a **series of content-based touch points** which are relevant to the different phases of the buying cycle, i.e. initial education, competitive analysis, cost justification. As Green pointed out, this will help accelerate the prospect without extensive hand-holding from a sales associate. "To create an effective Digital Dialogue with your inquiries, your company needs to set up a **single, centralized process**," Green said. "That clearing house function should clean up and enhance these new inquiries each day and then consolidate these transactions with whatever else you already know about the individual, the location, and the opportunity."

✓ Invest in automation tools and processes that can **trigger the delivery** of this targeted content based on the actions taken by a prospect. For example, if a prospect visits a pricing page, using an automated system to quickly deliver a white paper with ROI analysis will be relevant and timely. Green described these automated tools as rules engines "that look at all the contacts in your marketing database and determines the next, best step in the conversation."

What NOT To Do:

Don't try to do Drip Marketing manually. Trying to keep track of the activity of hundreds of different prospect and then respond in a timely manner with relevant content is nearly impossible. The reality is opportunities will fall through the cracks and you will either send the wrong messaging or send information after the prospect has moved on to other priorities.

5) Identify & Prioritize Prospects That Are Most Likely To Buy

Once you have segmented your database and established ongoing dialog with your prospects based on their behavior, leads are likely to start flowing through your funnel at a much higher volume. The next challenge is to continue improving conversion rates from **Inquiries** to **Marketing Qualified Leads** and then to **Sales Qualified Leads.**

In order to manage this flow efficiently, without overtaxing the sales team or letting leads leak out at various phases, the next critical phase of fine tuning your demand generation engine is employing lead scoring tools and processes. **Lead scoring or prioritization** helps companies rank prospects based on their actions, roles and other pre-set criteria.

Lead scoring and prioritization has proven to improve close rates, shorten sales cycles and increase the efficiency of sales teams by **weighting the engagement** of different prospects based on their engagement with content, as well as their potential buying power within an industry.

Some companies have established market-specific scoring systems, building in "explicit factors" such as demographics, company size, etc. However, lead scoring systems also need to account for the changing behavior of a prospect, taking "implicit factors" into account if their Web visits, downloads or other interactions increase.

In either case, lead scoring will help companies manage the increased flow at the top of the funnel, as well as the process of handing the most qualified leads to sales. "Classifications, or scores, or weights, or however the organizations model works, should be designed to first validate the opportunity (based on the explicit information provided by the prospect) and then validate the purchase potential (typically based on implicit information)," said Aberdeen's Michiels.

To Do List:

✓ Sit down with sales and marketing together to **agree on the definition** of a sales ready lead, and also mutually **agree on the criteria for scoring leads.**

✓ Start with a simple system that can be as basic as A, B, C and D leads or some basic numerical equivalents. Establish a process where the lead score changes based on interactions and make sure you are tracking those scores and establishing rules to accelerate outreach efforts as their priority weighting increases or decreases.

What NOT To Do:

Don't set up a scoring system that is so complex that internal teams can't understand the results. If the system isn't meaningful and easy to follow, it likely will be ignored and will have a negative effect on your overall lead management process. In order to improve conversion rates, the best prospects need to move to the top of the list and sales people need to see the positive results of responding to shifting account priorities based on behaviors.

Just as Drip Marketing and trigger-based messaging helps nurture prospects during the early phases of engagement, re-marketing to the leads that sales determines are not yet ready to close is equally important.

6) Re-Market To Nurture Leads & Accelerate The Buying Cycle

Just as Drip Marketing and trigger-based messaging helps nurture prospects during the early phases of engagement, re-marketing to the leads that sales determines are not yet ready to close is equally important. A scoring system helps to define which leads are handed off to sales, but not all of those will be ready to close, and some percentage will require further education or validation.

In organizations where silos still exist between sales and marketing, this point is where leakage often occurs. Research from SiriusDecisions has shown sales typically disqualifies 70% of leads due to lack of budget, timing, etc. and an additional 10% are never contacted. Therefore, only 20% of leads are followed up on. However, the same research found that 8**0% of those "bad leads" do go on to buy** a solution with 24 months, underscoring the need for re-marketing and nurturing.

Prospects that couldn't get budget in Q1 may be ready to buy in Q4. However, if the sales person simply dismisses the lead, it will likely get lost in the sea of accounts floating through the company's CRM system. Ensuring that leads are **passed back to marketing** for further education, relationship building will help ensure they select you when the time is right.

"The ability to gate, guard and evolve prospects within the demand waterfall is absolutely critical, especially as we look to an improving economy down the road where more of these prospects will pull the buying trigger."

Tony Jaros
SiriusDecisions

The payoff of long term lead nurturing and re-marketing has only increased during the past year as buying cycles have been stretched, as Tony Jaros, VP of Research at SiriusDecisions, recently pointed out: "Lead nurturing has grown in importance over the last 12 months, as organizations try to squeeze every penny they can out of their demand creation efforts," Jaros said. "The ability to gate, guard and **evolve prospects within the demand waterfall** is absolutely critical, especially as we look to an improving economy down the road where more of these prospects will pull the buying trigger."

To Do List:

✓ **Plan a recycling campaign.** For any leads that are disqualified or dropped at later stages of the funnel, establish a process for entering them back into a nurturing campaign with content that targets their specific needs and concerns.

✓ **Form agreements between sales and marketing** for the transition of a lead from one department to another, and make sure there are specific timelines established for response times and hand-offs, pass backs, etc.

What NOT To Do:

Don't let leads fall out of the system, even if their activity drops off or goes dark. Our research showed several examples where ongoing nurturing campaigns helped to re-engage a lead and then resulted in significantly shorter sales cycles because the prospect was educated and already confident the solution provider was the right choice.

7) Establish Closed-Loop Feedback Between Sales & Marketing

Too often sales and marketing operate independently and only share information at monthly pipeline meetings. In order to **identify speed bumps in the buying process,** sales needs to share account feedback and marketing needs to **alert sales to changes in prospect behavior.**

In most of today's high growth companies, marketing has an active role in revenue generation and is expected to provide intelligence to reps that will help close deals.

Today's lead management tools enable marketing to **provide account intelligence** in almost real-time, which makes organizations more efficient by reducing the amount of time sales people spend researching their accounts (historically as high as 15% to 30% of an average week).

Lead management tools are also becoming more vital as the BtoB buying process has shifted and the sphere of influence has expanded to include the CFO, CIO, directors, etc.

"If only 2% to 10% of leads are converting to closed sales, that means 90% to 98% of the leads are leaking out of the funnel, offering plenty of room for performance improvements,"

Jim Lenskold
Lenskold Group

"BtoB buyers now own their own buying process and they control the flow of information," said Jaros of SiriusDecisions, in introducing the consultancy's new Demand Ecosystem. Jaros stressed that both sales and marketing teams will be required to adapt their messaging to meet the information needs of buyers. "The bar has been raised in terms of the value both sales and marketing have to deliver at critical points in the buying process."

To Do List:

✓ **Measure & Track Conversion Of Leads To Qualified Opportunities.** Leading BtoB organizations are gaining an edge on their competitors by evaluating each phase of the funnel, looking for opportunities to improve their performance.

Jim Lenskold, President of the Lenskold Group and author of *Marketing ROI, The Path to Campaign, Customer and Corporate Profitability,* has published several reports which stress opportunity to increase profits by improving conversion rates in the pipeline. "If only 2% to 10% of leads are converting to closed sales, that means 90% to 98% of the leads are **leaking out of the funnel,** offering plenty of room for performance improvements," Lenskold said. "Marketing organizations that are restricted to lead generation with a minimal role in supporting the sales pipeline should look closely at the opportunities here to build the case for better alignment and integration."

✓ **Analyze Your Pipeline For Sales Funnel For Insights.** By looking at the shared attributes of recently won deals, smart marketers are able to see which marketing messages worked best as well the common paths prospects took on their way to becoming customers.

In addition to standard conversion metrics, Lenskold has recommended companies look track the following details:

- **Lead progression rates** through key funnel stages to show leakage points;
- Average days from **lead hand-off to sales contact** (reflecting sales capacity and the "freshness" of leads contacted);
- Reporting on leakage reasons (i.e., why they dropped out of the sales pipeline).
- Joint **win-loss analysis** to assess leads lost late in the sales pipeline.

What NOT To Do:

Don't have **varying definitions of success.** In order to build a fine-tuned demand generation engine, both sales and marketing need to be basing success on the same set of metrics. Ideally these will flow from the top of the funnel with common definitions on what makes a qualified lead, down to the attributes and criteria for scoring and prioritizing leads, all the way to increasing the number of closed deals.

CONCLUSION

One of the biggest challenges sales and marketing teams have faced during the recent economic downturn has been with deals stalling during the later stages of the sales funnel. Based on the case studies and best practice research we've seen and covered, following these seven steps will help your organization progress and **accelerate prospects** through the buying cycle.

Transforming your sales and marketing strategies to incorporate these best practices will require changes in your process as well as investments in lead management tools. However, once these processes and tools have been adopted, the impact will be felt in the very near-term. The **timeline for "cold to close"** will compress by months in most cases, and the number of opportunities your sales team is working through the later stages of the funnel will multiply.

The reality for most businesses today is that optimizing conversion rates is a competitive necessity. Businesses can no longer afford to **miss buying signals** or to let potential buyers leak out of the sales funnel. By optimizing the progression rate from Inquiries to Marketing Qualified Leads and then to Sales Qualified Leads, leading BtoB organizations will see the ultimate payoff in top-line and bottom-line gains.

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About LeadLife Solutions

LeadLife Solutions, Inc. is a provider of on-demand lead management software that enables B2B marketers to automatically track, score, prioritize and nurture leads. With LeadLife's flexible and intuitive software you can increase the value of your lead generation dollars online/offline, qualify sales leads, shorten sales cycles and increase your marketing ROI. For more information on lead management visit **www.leadlife.com** or call 1-800-680-6292.

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