



# TUNING UP YOUR DEMAND GENERATION ENGINE

5 KEY CHECK POINTS TO GAUGE YOUR PIPELINE-BUILDING STRATEGIES



## INCLUDING SPECIFIC LOOKS AT:

- ✓ Lead Generation Strategies
- ✓ Lead Management Processes
- ✓ Nurturing/Pipeline Acceleration Tactics
- ✓ Marketing Automation Tools
- ✓ Sales Enablement

Presented By:

**DEMAND**GEN<sup>REPORT</sup>

## EXECUTIVE SUMMARY

It's the last week of the month and the sales team is scrambling to get signatures on 3 deals that have been lingering for several weeks. The company needs to close the deals in order to reach its goals before the quarter closes. The contracts are held up, either by legal or a new internal committee, and the scrutiny on the rest of the sales pipeline intensifies.

This scenario is becoming just as common at large, publicly-traded software companies as it is for small start-ups in verticals from technology to financial services to health care and many other sectors. According to research from Wilton-CT-based SiriusDecisions, the average selling cycle for deals \$100,000 and over is 22% longer on average than it was five years, and there are 3.5 more people involved in the decision-making process.

As the complexity of the sales process has increased, most organizations are turning to their marketing departments to drive more leads into the pipeline and also to create tools that will advance prospects through the sales funnel.

This has been challenging for marketing executives because the expanded responsibility for revenue-creation has been piled on top of their traditional branding work, and has often come without additional budget or staffing.

To help address these new business realities, leading companies have utilized solutions that have **automated their demand generation processes**, with goals of better measuring their marketing investments and ultimately building stronger alignment between their sales and marketing organizations.

What these early adopters have often learned through trial and error is that each phase of the demand generation funnel **requires a strategy for process, people and technology**. In addition, most firms have found that tuning up one component of their demand generation strategy will be limited if other parts are sputtering. Demand generation has proven to be a truly integrated, end-to-end, process and the smart companies are optimizing each phase of the process.

**In this white paper we will look at some of the case studies and best practices that have been identified in the following 5 key areas:**

- ✓ **Lead Generation Strategies**
- ✓ **Lead Management Processes**
- ✓ **Nurturing/Pipeline Acceleration Tactics**
- ✓ **Marketing Automation Tools**
- ✓ **Sales Enablement/Effectiveness**

In each of these areas we will provide background and guidelines on how companies can compare and contrast their current strategies against the “Leaders & Laggards” in demand generation. Hopefully, this will help you examine where your company has room for improvement and help you get started on a plan to fine-tune your demand generation efforts.

## LEAD GENERATION STRATEGIES: Filling The Front-End of the Pipeline

The first step for many companies in revving up their demand generation engine is increasing the quantity and quality of the leads being fed into their sales pipeline. Given the proliferation of the media landscape, lead generation has proven to be a challenge in its own right.

### LEAD GEN GAUGE: LEADER OR LAGGARD?

#### Common Characteristics of Lead Gen Leaders:

- ✓ Utilizing topic-focused content tools to communicate with prospects, such as white papers, webcasts, case studies, and podcasts;
- Employing a “multi-touch” strategy that integrates marketing messages;
- ✓ Constantly analyzing the quantity and quality of output from lead gen campaigns;
- ✓ Working with media partners on minimum lead commitments for various campaigns;
- ✓ Extensive involvement of sales team in identifying targeted prospects and providing input into messaging

#### Common Characteristics of Lead Gen Laggards:

- ✓ Relying on website and other traditional branding tools to generate leads
- Scattered, reactionary approach to employing new media tools, providing web seminars that are sales-focused rather than content based;
- Poor measurement and follow up process for existing lead flow;
- ✓ No formal expectations for quantity or quality of leads to be generated over quarterly period;
- ✓ Reactionary approach to media partners, with no commitments or expectations

In order to get through the “sales pitch” filter that many prospects have adopted, smart marketers are constantly evaluating and monitoring which efforts are driving the most qualified leads for their team. Through this analysis, a common learning has been that content-based offerings around key industry topics—such as white papers and webcasts—are generating the strongest response from prospects.

A recent report from tech search network KnowledgeStorm and research firm Marketing Sherpa, showed that nearly **three quarters of research** and information gathering is being conducted online. The report, titled Connecting Through Content, found 72% of respondents start a search looking to find “solutions to solve a current problem.”

While this high percentage of online research may not directly correlate to other vertical industries outside of tech, it clearly demonstrates the opportunity marketers have to drive prospects by delivering thought leadership via the web. More specific examples of how some leaders have tapped into the growth of online are available in the nurturing and marketing automation segments of this paper.

The survey found that there is still a disconnect between marketers and prospective buyers in terms of the media they are using. For example, less than one-third of tech buyers claimed to access webcasts as their most frequent information source, while almost two-thirds of the marketers surveyed sponsor or use webcasts in their marketing.

The one medium that has consistently proven to be an effective tool for both buyers and marketers, based on the study, was white papers. Finishing ahead of case studies, product literature and analyst reports, **71% of the respondents indicated they read white papers frequently.** White papers also topped the list of content that respondents shared with colleagues, being passed along 57% of the time.

The report emphasized the theory that marketers should focus their content on relevant industry trends, not thinly-veiled sales sheets. The quality of the content provided is critical to tech buyers, with 85% of the respondents stating the educational quality of the material was very important.

## LEAD MANAGEMENT: Keeping Score of Your Best Prospects

For those marketers that have successfully built a lead generation pipeline, the next phase is learning that all leads are not created equal. By developing a framework to gauge which leads should be given the highest priority, companies provide more targeted information to prospects and ultimately accelerate their buying cycle. As part of its 2007 Demand Creation Tactics Survey, SiriusDecisions

found that 52% of B2B companies with sales over \$100 million already have some kind of lead scoring system in place, and another 26% have a system in development.

### LEAD MANAGEMENT GAUGE: LEADER OR LAGGARD

The payback of advanced lead scoring has been clearly demonstrated by the early adopters of packaged applications. Some of the results from the early case studies include a 30% increase in close rates and revenue per lead and revenue per company climbing by 15% to 20%.

#### Common Characteristics of Lead Management Leaders:

- ✓ Ensuring that all leads are "sales ready" before they are passed to the sales team
- Typically passing along fewer leads to sales force, but ultimately increasing close rates by stressing quality over quantity;
- ✓ Strong alignment between sales & marketing teams based on increased confidence and buy-in of demand generation efforts;
- Improved nurturing programs for longer-term leads;

#### Common Characteristics of Lead Management Laggards:

- ✓ Minimum measurement guidelines used for differentiating leads poured into prospect data base;
- ✓ Passing along all leads generated directly to sales force, with little or no qualification on where the prospect is in the buying cycle;
- ✓ Divide between and sales and marketing teams, results in delayed follow up on all leads and further clogs in the pipeline;

The definition and sophistication of a lead scoring system varies greatly by company and vertical industry. Newcomers to the practice are still sorting leads with simple A, B and C grades, usually based on company size and revenue, as a means to prioritize the biggest opportunities. More advanced marketers are creating qualifying guidelines and follow-up processes based on **BANT (Budget, Authority, Need & Timing) scores**.

Based on its Demand Creation Tactics Survey, SiriusDecisions found BANT scores to be the most common attribute marketers are using to prioritize their leads, with more than 2/3 of companies with over \$100 million in revenue currently using BANT scoring.

The most sophisticated marketers are taking this prioritization beyond BANT scores and factoring in other attributes, such as how often a prospect has attended product demos or visited their website. Packaged lead scoring applications also factor in behavioral data based on prospects' web site visits, responses to email offers, etc., including frequency and recency of activity.

While the emphasis at the front end of the pipeline is typically focused on generating as many leads as possible, companies that reach the lead scoring phase of demand generation typically end up passing along fewer leads to their sales team.

One of the biggest complaints among most sales people is that the leads they are given are unqualified, and wind up to be a waste of their time. Marketing executives that are seasoned in demand generation have addressed this by requiring that all leads are "sales ready" before they are passed along to the sales team. This process has proven to be a key step in building the confidence and participation of the sales force, and ultimately building alignment between sales and marketing.

## PIPELINE ACCELERATION: Nurturing Prospects Through The Buying Cycle

After gaining a better handle on which prospects should be given the highest priority in terms of their sales readiness, the top demand building companies have also developed strategies for keeping longer-term leads engaged through each phase of the sales pipeline.

Often referred to as “**sales nurturing**,” this strategy typically involves identifying the biggest objections or internal hurdles a prospect must address before reaching the sales-ready stage. For example, a lead that had no budget identified for a project traditionally might have gotten filed away with no follow up.

### **NURTURING GAUGE: LEADER OR LAGGARD?**

#### **Common Characteristics of Nurturing Leaders:**

- ✓ Process and tools in place to keep prospects engaged at various phases of the sales pipeline;
- ✓ Multi-Touch marketing/content utilized, properly aligned with information needs of prospects;
- ✓ Customized landing pages increase web response rates;
- ✓ Accelerated conversion rates among hot prospects;
- ✓ Strong activity among long-term leads;
- ✓ Marketing accountable for revenue-driving results;

#### **Common Characteristics of Nurturing Laggards:**

- ✓ Uniform follow-up sent to all leads, regardless of their information needs;
- ✓ Longer-term leads without immediate budget often ignored;
- ✓ No knowledge of prospect activity, in ability to track web activity;
- ✓ No accountability of marketing team for business results, preventing alignment with

Companies with advanced sales nurturing processes typically have a set of rules established that provide relevant and targeted deliverables to longer-term leads, designed to address each of their concerns and help move them closer to purchase.

Industry research supports that buyers are looking for different types of information based on where they are in buying cycle. For example, data shows that tools such as white papers and web seminars have been more effective with early to mid-stage leads, while offers such as ROI calculations and free trial downloads have been more effective with late stage prospects.

One of the strongest nurturing case studies we have covered recently was CenterBeam, an IT services firm which used an outside marketing firm to develop what it called a “lead farming” campaign.

In order to connect with its hard to reach CFO target audience, CenterBeam developed a multi-touch campaign designed to engage and qualify CFOs before turning them over to the sales team. The company calculated that it normally takes between 9 and 11 touches to engage a C-level executive. Therefore, CenterBeam established a multi-media contact strategy consisting of telemarketing, voice mail, email and direct mail, often over a period of several months before a conversation with a sales person occurs.

The “lead farming” campaign has shown impressive results, producing 25% of the company’s prospects and accounting for 50% of its new sales. The campaign also helped demonstrate the value of long-term leads, with 60% of the deals CenterBeam classified as long-term leads.

## MARKETING AUTOMATION: A Jump Start for Sales Nurturing

In order for sales nurturing programs to work properly, an advanced marketing automation system is typically a requirement. These systems help companies identify leads when they take a defined action, such as attending a webcast, downloading a white paper or visiting a website.

Marketing automation tools can also help sales and marketing teams prioritize leads for follow up and ensure that they receive relevant follow-up information based on the content they have recently viewed.

For example, another case we recently covered was ShareBuilder Corp., an online provider of 401K plans for small to mid-sized businesses, has achieved impressive results with an automated nurturing program. Based on the recent web activity a prospect, ShareBuilder's automated solution sends a real-time email designed to lead the prospect to the next topic on the site, such as case studies, articles and product demos. The brokerage credited the automated nurturing program with accelerating their best prospects (a 12% increase in deals closing in the first 30 days) and reviving older leads (250% jump in closing previously inactive leads/more than 12 months old) in the system.

Another area that has been significantly strengthened through the use of marketing automation solutions is the use of customized landing pages. These intuitive tools, which allow marketers to build targeted landing pages to offer relevant content and pre-populated forms to email recipients, have consistently helped increase registration and response rates.

Beyond these specific performance functions, analysts point out that the key deliverable for advanced marketing automation solutions is that they integrate all marketing activity back to web-based assets so that companies can have a greater accountability for all of their efforts and investments.

Changing Roles of Marketing		
ROLE	DEFINITION	APPROACHES
<b>BRAND AWARENESS</b>	Building the corporate brand and informing customers about key offerings—driving target customer awareness, affinity, consideration and preference.	Brand and information-building activities, including corporate and offering-level advertising, PR/media, event sponsorships, collateral, corporate web sites.
<b>DEMAND GENERATION</b>	Creating customer demand for specific offerings, driving qualified leads for the sales organization to pursue.	Targeted marketing activities including in-person and online events (trade shows, seminars, online forums) direct and interactive marketing, telemarketing and offering-level web sites
<b>SALES ENABLEMENT</b>	Enable the sales force to effectively nurture interested customers, and drive leads into closed revenue.	Sales-support related activities including development of sales collateral, sales tools and presentations, sales training, internal web support.

Source: MarketBridge



## SALES OPTIMIZATION: Enabling The Effective Salesforce

In addition feeding the pipeline with pre-qualified leads, another changing role for today's demand-driven marketing organization is to provide collateral and intelligence for the sales team on key accounts. Scott Gillum, SVP for MarketBridge, a leading professional services firm that has worked with accounts such as IBM, MasterCard, Merck, SAP and Siemens, has seen the role of marketing shift dramatically at these leading companies.

"We are now seeing a lot of people come into marketing with experience in either the product or sales side, so they have more familiarity with the sales process," Gillum said. "These teams help them build tools that will provide more about intelligence about a prospect. For example, a CRM system may tell you where a customer is in the pipeline, but it will not be able to tell you the reasons why they aren't moving from one stage to the next."

**As part of this shift, Gillum said the sales enablement deliverables for the marketing team are often much different than the traditional branding output.** "Now the sales team is looking for tools like online configurators or help organizing executive meetings in a specific region. These tools all help create access to different key points in the organization."

### Measuring Sales Performance

In addition to increased involvement from the marketing department, many demand-driven companies are also speeding up the pipeline by investing in **Sales Effectiveness or Sales Productivity** tools that move beyond traditional CRM/SFA systems.

Recent research from SiriusDecisions showed B2B sales people spend only 18% of their time face-to-face with prospects, while a larger amount is consumed with administrative duties and market research. A separate study from CSO Insights also supported the continued need to invest in supporting the sales effort. According to the 2007 CSO Insights Sales Performance Optimization Report, 43 percent of reps are missing quota and 52 percent of forecasted deals result in a loss or no decision. Based on the increased complexity of closing deals as well as managing accounts, the rapidly growing choice of sales effectiveness tools are designed to enhance productivity, provide more time access to relevant news and information, strengthen presentations/communications, shorten sales cycles, and improve win rates.

Because timely information is critical in most industries, trigger-based selling solutions have been one of the most popular sales effectiveness investments. "Knowledge is the price of admission for sales people today," says Jill Konrath, a leading sales strategist and author of *Selling To Big Companies*. "It is a huge competitive advantage to have timely information about your existing clients and prospects. It has really become a baseline item. You either have it or you don't and if you don't you can't compete."

Many demand-driven organizations have adopted automated trigger tools to provide sales execs with leads and insights into news and events within their territory or existing account base, which may indicate a readiness to buy.

Depending on the solution a company offers, these triggering events can include management changes, new product announcements, mergers and acquisitions, new financing, new locations, etc. The leading trigger-based tools monitor and mine large bases of business information sources and filter the information based on pre-set profiles so that only information relevant to their account base is provided. The alerts are typically delivered via email or through a web portal right to the sales person's desktop or mobile device, utilizing a pre-set profile.

## ABOUT DEMANDGEN REPORT

**DemandGen Report** is a new publication focusing exclusively on the strategies, tactics and measurements and automation tools that are central to generating demand. The e-newsletter and interactive website provides intellectual fuel to help drive the growth engine at leading B2C and B2B focused companies. Through real world case studies and in-depth research, DemandGen provides an insider's view of which companies are taking the right track to drive sustainable growth for their business. To take advantage of a complementary subscription to the bi-weekly newsletter and to access other research reports, please visit: <http://www.demandgenreport.com/>

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### RECOMMENDED RESOURCES:

**CSO Insights:** A research firm that specializes in measuring the effectiveness of today's sales and marketing organizations. CSO Insights benchmarks the challenges companies are facing and assess how they are using people, process, technology and knowledge to optimize their performance.

<http://www.csoinsights.com>

**MarketBridge:** A leader in building and managing high-growth sales and marketing operations, MarketBridge has provided integrated sales and marketing consulting and managed services to Fortune 500 companies such as Microsoft, IBM, SAP, Merck, Philips, Siemens, MasterCard and BT.

<http://www.market-bridge.com>

**SiriusDecisions:** Provides senior executives with the sales and marketing operational intelligence required to improve top-line performance. SiriusDecisions provides clients with a unique combination of thought leadership, benchmark data, analytic tools, best practices and access to a peer network.

<http://www.siriusdecisions.com>

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