

B-to-B markets communications target nurturing leads
lead generation program
communications target nurturing leads
B-to-B

Business-to-Business High-Tech Lead Farm™

A Best-Practice Approach to Growing,
Cultivating and Turning Quality Sales
Leads into High-Yield Profits

B-TO-B HIGH-TECH
LEAD FARM™
GROWING LEADS INTO REVENUE

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Introduction

The purpose of this white paper is to:

1. Review the challenges senior managers of B-to-B marketing operations face today in optimizing marketing and sales investments
2. Introduce a solution to these issues by outlining the B-to-B High-Tech Lead Farm
3. Explain the financial benefits of deploying this best-practice approach
4. Provide insights into the key operational components of a B-to-B High-Tech Lead Farm

Executive Summary

"It is hard to integrate and align B-to-B marketing and sales operations," says eDemandLeads president Denny Head, a 30-year veteran of managing billion-dollar sales pipelines and large sales organizations for global technology companies.

For the past two decades, marketing and sales leaders have struggled to improve the integration of these two all-important business units. Each business unit has its own agenda and set of targets, goals and employee reward systems. In general, marketing units are tasked to generate demand and deliver leads to sales. They traditionally feel sales units need to be more accountable for generating revenue based on the leads generated from marketing. However, research shows that sales units do not simply want more leads from marketing. They have plenty of leads. Instead, they **want more time to sell to viable prospects**. Both the concepts of time and lead viability are critical to sales success.

This issue is further compounded in large B-to-B enterprise organizations when individual business units are allowed to develop their own unique go-to-market plans. When this happens with multiple business units within a company, it sets up the scenario for each unit leader to declare to their CEO they need more money to achieve their unit goals. Marketing says it needs more resources to drive more leads, while sales says it needs more feet on the street to generate sales.

This leaves the CEO with a crucial decision: where to best allocate his/her company's resources. Should the company put more money into marketing or sales? Guy R. Powell, in his book *Return on Marketing Investment*, noted that CEOs wonder why they should invest in marketing (lead generation) when they can hire more salespeople for the same budget and presumably see a greater return on their investment.

The problem with this argument is that a high-priced salesperson's talent and time are not effectively utilized when they are doing their own lead generation or spending time on prospect qualification activities. Certainly, there is no argument that the most effective use of a company's highly trained, well-paid sales force is to have them spend the maximum amount

Research shows that sales units do not simply want more leads. Instead, they want more time to sell to viable prospects.

of their time focused on proposing and closing deals. Thus, to maximize one's sales results, a sales organization should be supported by a robust, quality lead generation program that is run by the marketing unit. In this scenario, both sales and marketing are focusing their energy in their area of expertise, which affords a company the best of both worlds.

Unfortunately for most companies, sales and marketing aren't in alignment. All too often, salespeople report that the leads they receive from the marketing unit are poor. They also complain that the responders from marketing campaigns are not interested in buying and end up being a waste of the salesperson's time when they conduct follow-up activities.

This leads to a tendency by sales to disregard any leads that are not considered "sales-ready." Brian Carroll, in his book *Lead Generation for the Complex Sale*, and The Aberdeen Group, in its November 2008 report *Lead Nurturing, the Secret to Successful Lead Generation*, report that between 60% to 80% of leads passed to the sales force are never explored.

I. Six Big Challenges for Today's B-to-B Marketers

The reasons sales and marketing have difficulty aligning their operations and maximizing performance is a result of the inherent challenges involved in running demand generation operations and the long sales cycles involved with high-ticket, complex products. Specifically:

1. The large amount of time required to engage and convert prospects into revenue

- It is hard to identify and target the right decision makers. In large-ticket, complex B-to-B selling, there are three primary types of decision makers: economic, technical and user buyers. It takes time to identify these individuals, get them to engage with your sales organization and move them through the purchase process.
- The B-to-B marketer has to not only define the right channels to reach each of these targets, but also provide "offers of value" to these prospective buyers – offers that reveal a solution to a particular problem that the potential buyer needs or wants to address.
- Even when a marketing organization generates initial interest from a potential buyer, it often takes significant time to deepen the relationship, identify the specific opportunity, propose a solution and bring a viable sales opportunity to fruition.

2. Difficulty speaking face-to-face with potential buyers

- Economic buyers (C-level) are usually top executives who do not want to speak with salespeople.
- The Internet has made it easy for buyers, even C-level executives, to do much of their own research and avoid speaking with sales representatives about product features and specifications. Instead, these economic buyers want to have strategic conversations with unbiased, trusted advisors. Studies indicate that when a salesperson becomes a trusted advisor, they are 70% more likely to walk away with a sale.
- Thus, marketers need to create marketing and nurturing programs that help position their companies and sales individuals as knowledgeable, expert solution assistants. So along with marketing potential business products and solutions, marketers, in essence, first need to establish themselves in the role of trusted advisor.

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3. A lack of standards in go-to-market operations across business units

- It is typical in large B-to-B enterprises that individual business units act as silos and establish their own marketing and sales processes. Marketing creates unique campaigns and sets up specific lead capture and qualification processes. Sales then conducts its own sales development process. This means there are no data standards for capturing leads, lead qualification or business rules for lead scoring and routing.
- Forrester Research reports that 45% of firms do not have standardized sales and marketing processes that dovetail the two units within their companies.¹ Further, only 10% of B-to-B organizations have lead definitions that both sales and marketing have agreed upon prior to campaign deployment.
- With every unit doing its own thing, combined with a lack of data standards, critical prospect information and current customer data gets locked away. Therefore, one-off silo approaches to B-to-B operations cause sales inefficiencies and redundancies in marketing operations, which ultimately hurt corporate profitability.

Only 10% of B-to-B organizations have lead definitions that both sales and marketing have agreed upon prior to campaign deployment.

4. A lack of alignment, accountability and measurement of marketing and sales performance

- Often, a vice president in charge of marketing and sales does not collaborate or invest time to define, document and agree upon a best practice for all aspects of their demand generation, lead management and sales development operations.
- There is a lack of results reporting between the two units. Measures of success are not clearly defined or benchmarked. This causes internal mistrust between the two units, with marketing claiming that they are generating qualified leads for sales without getting any feedback on lead quality or lead conversion. Conversely, sales claims that the marketing unit is using up valuable resources and providing poor quality leads. Sales says following up on these leads is a waste of their time.
- The management of the sales organization provides no policies and/or enforcement with regard to reporting on the progress of sales opportunities provided by the marketing unit. For example, sales management is reluctant to send stack-ranking reports showing top performers as well as low performers to a wide list of marketing and sales stakeholders.
- A CSO Insights research study² concluded that companies with mature, defined lead generation and management practices have:
 - a. A 9.3% higher sales quota achievement rate than companies that do not have a defined lead generation and management practice
 - b. A 16.5% higher conversion rate of leads on first sales calls with prospects
 - c. A 7% higher sales win rate

¹Forrester Best Practice, "How Mature Is B2B Lead Management?", November 2006.

²Jim Dickie/Barry Trailer, CSO Insights, "Optimizing Lead Generation – What's the Payback?", June 2006.

5. A lack of measurements and integrated reporting to justify investment value

- Marketers know the importance of proving their value to management. They understand that in order to keep their jobs and justify their budgets, they must demonstrate their ROI of marketing funds and staffing.
- However, marketers too often report the wrong data to management or cannot access the data they need to prove their case. So instead of showing the impact marketing has on generating new sales inquiries into the pipeline or the money generated from marketing-influenced leads, marketers report on campaign-tactic performance, such as response rates, open rates and click-through rates. Their inability to highlight the measures that determine a program's financial effectiveness undercuts the potential for appropriate marketing funding in the future.

6. Difficulty incorporating new marketing technology platforms with various legacy systems

- While sales force automation (SFA) systems have become standard within sales operations, marketers are still struggling to gain efficiencies due to the constant emergence of new technology. Because legacy systems are behind the times, marketing ends up spending its time creating new campaigns, managing list pulls or responding to various marketing requests from the sales organization in an old-fashioned, time-intensive manner. This manual approach to marketing implementations ultimately ends up hurting the organization. When marketers are required to spend their time manually implementing campaigns or responding to requests, they are not able to focus their time on the job that is most important: the strategic leadership and management of their marketing programs.
- The next generation of B-to-B marketers is turning to integrated marketing-automation platforms to create a consistent, predictable and repeatable process for the implementation of the lead generation and management process.

While sales force automation (SFA) systems have become standard within sales operations, marketers are still struggling to gain efficiencies due to the constant emergence of new technology.

II. The Solution: B-to-B High-Tech Lead Farm – a Best-Practice Approach to Integrated Demand Generation and Lead Management

A high-tech farm is a perfect analogy of an approach to assist marketers in growing their sales and profits by leveraging time-tested principals and ideas.

This new method is designed to help both marketers and their sales organizations make dramatic improvements to many aspects of their go-to-market operations, such as:

- Increasing the conversion rate of inquiries to revenue
- Improving return on B-to-B marketing investments while reducing waste
- Increasing effectiveness and efficiency of both marketing and sales operations
- Helping reduce SG&A costs
- Speeding up the sales cycles
- Generating increases in revenue and profits

When most people think of a farm, they conjure up the image of a low-tech, agrarian, mom-and-pop business. However, the truth today is that technology has revolutionized many aspects of farming and has had a major impact on crop yields and operational profits.

High-tech farming now relies on the use of GPS tracking, remote monitoring of soil and weather conditions, the deployment of hydroponic greenhouses, advanced mechanizations and sophisticated data analysis to improve results, cut waste and improve the quantity and quality of its products brought to market.

Similar technology advancements in the areas of marketing communication, data management, and integrated campaign and lead management have now made it easier and more cost-effective for B-to-B marketers to:

- More accurately target their prospects
- Improve message relevancy
- Improve responses rates
- Better identify sales opportunities
- Cultivate and nurture leads to close better than ever before

Forrester Research reports that companies that have mature lead generation and management programs outperform their peers.³ Specifically:

- 46% of marketers with a mature lead-management process have sales teams that follow up on more than 75% of marketing-generated leads
- 35% of marketers with a mature lead-management process report that they close 10% or more leads generated by marketing versus 4% of closed leads from firms without a mature lead system

Better sales engagement, faster sales response and, ultimately, more sales are just some of the benefits of an integrated lead generation and management system. Another benefit is an increase in productivity and effectiveness by the sales organization.

Sales costs (SG&A = salary, benefits, commissions, travel) are some of the most expensive budget line items within a B-to-B organization. Being able to better control cost and maximize the effectiveness of the sales organization were our primary goals in creating the High-Tech Lead Farm. By design, a High-Tech Lead Farm approach:

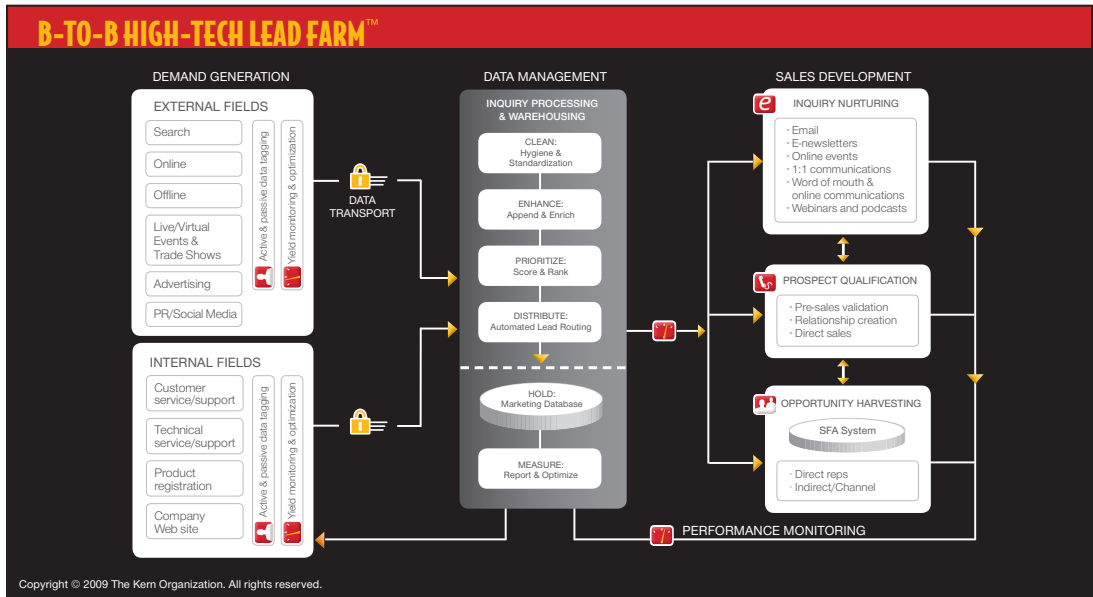
- Aligns the right sales resources to the right sales opportunities
- Ensures that highly compensated sales personnel are not doing lower-level, lower-cost functions (such as prospect identification, tele-qualification or unqualified inquiry nurturing) that will be performed by more efficient marketing functions
- Helps manage sales force staff levels and monitor sales force effectiveness by moving opportunities through the end of the sales funnel to close

This combination of function management and staff-level management provides critical benefits by driving down sales costs and increasing the company's bottom-line profits.

Sales costs (SG&A = salary, benefits, commissions, travel) are some of the most expensive budget line items within a B-to-B organization.

³Forrester Best Practice, "How Mature Is B2B Lead Management?," November 2006.

III. The Kern Organization (TKO) B-to-B High-Tech Lead Farm Approach



The Kern Organization's B-to-B High-Tech Lead Farm helps marketers generate more sales inquiries, improve sales operations and convert more inquiries into pipeline opportunities.

How It Works in General and How It Can Work for Your Organization

There are three major operating areas within a High-Tech Lead Farm: demand generation, data management and sales development. Let's take a brief overview of each operation.

1. Demand Generation

This operation comprises the marketing function of lead generation with the goal of generating initial interest and demand for a B-to-B marketer's products and services. Within the B-to-B High-Tech Lead Farm, there are two major categories of marketing operations or what we call fields. External fields are where new sales opportunities are identified and grown from new customers; internal fields are where new sales opportunities are identified and grown from existing customers.

2. Data Management

This operation is comprised of three critical functions that must all work together in a timely, coordinated and secure fashion to keep a High-Tech Lead Farm running smoothly. These include data collection, data transport and central processing:

- Data Collection** – Inquiry data is collected in a standardized data format from all business units, regardless of the lead source (email, direct mail, search, etc.). Then all data fields are standardized based on specific rules for the data fields on Web registration forms, business reply cards or telephone inquiry collection forms. This means that all data has an original source code connected to it that identifies the starting point of the inquiry.

- **Data Transport** – There are many points within a High-Tech Lead Farm where data needs to be transported in batched or real-time modes. Most important is the constant flow of data from demand generation operations. This is the transporting of initial sales inquiries into the central processing area.
- **Central Processing** – There are six functions that happen to the data in this operation:
 - a. **Cleaning** – Data is hygiened, duplicate-eliminated and matched into a standardized layout and format.
 - b. **Enhancing** – The responder’s business location or “site” is given a unique record ID number, and the associated information (firmographics) about the business is attached to the record to supplement the site data provided by the responder.
 - c. **Prioritization** – Data is assigned a sales score based on a range of criteria that includes demographic, firmographic and behavioral activities agreed to by the sales organization as to what makes a prospect qualified and sales-ready.
 - d. **Distribution** – Data is prioritized for automatic routing to the next best and most cost-effective sales development step and sent there automatically for timely follow-up. The automated inquiry routing system insures timely follow-up and the right allocation of sales resources, which is key in the operation of a High-Tech Lead Farm.
 - e. **Holding Area** – All data is held in a centralized marketing database for a wide variety of uses.
 - f. **Measurement** – Information on the performance conversions at each step in the sales process and the movement of a prospect through the sales funnel is reported to management to help optimize the performance of each aspect of our High-Tech Lead Farm operation.

The goal of lead nurturing is to build enough trust and confidence with the prospect to create a desire to do business with you.

3. Sales Development

There are three primary types of sales development activities: nurturing, qualification and harvesting.

- **Inquiry Nurturing** – This is the cultivation of initial or raw inquiries. Nurturing operations are for individuals whose data indicates that they are not ready to buy or whose data lacks enough information to determine financial justification to speak to a telesales representative. Most of the time, in an effort to maximize lead results, there is not enough information associated with an inquiry to determine that more expensive sales development resources (telephone or face-to-face) should be allocated to a given individual. For example, when a respondent downloads a white paper, all the marketer may have collected is the responder’s name and email address. In the inquiry/nurturing stage, marketers optimize marketing returns by use of low-cost e-marketing methods (such as e-mail, e-newsletters and Webinars) as a way to educate, inform and advance a prospect through the sales funnel. The goal of lead nurturing is to build enough trust and confidence with the prospect to create a desire to do business with you.

- **Prospect Qualification** – This is the step of the sales development process in which tele-agents touch prospects by way of the telephone. It assumes that an inquiry has met the criteria to justify the expense of tele-qualification. In this sales development stage, prospects are qualified in terms of their area of interest, opportunity, size and potential time frame to a purchase decision. Additionally, a beginning relationship is started between telemarketers and the responder through the sharing of benefits and proof cases. Within this stage is the identification of criteria on which the organization will be making a purchase decision (decision process and decision criteria).

Additionally, in this stage is the validation that the contact is a new opportunity and that someone within the sales organization is not already working the inquiry. The goal of this sales development stage is to verify that a prospect has a need, the company meets the given criteria required by the sales organization and the prospect is sales-qualified, meaning they are ready to be passed to the sales organization for contact.

- **Automated Lead Routing and Opportunity Harvesting** – This is the step of the sales development process where qualified leads are automatically routed via an SFA system to the direct sales representatives, distributors or dealers (indirect sales). At this point, the salesperson takes on the responsibility to convert a lead into revenue. In this step, a range of traditional sales activities takes place while being overseen by sales management.

From a High-Tech Lead Farm perspective, the marketer will know they are running an excellent operation when they achieve a high acceptance rate of prospects passed to the sales organization. This means that sales have confirmed there is value to the leads generated by marketing and they are accepting the lead by placing it into their sales pipeline. This step is how sales gives their stamp of approval to a lead as a viable sales opportunity. Qualified prospect data is transported into a company's existing system to support sales management operations and pipeline-results reporting.

The goal of this sales development stage is to verify that a prospect has a need, the company meets the given criteria required by the sales organization and the prospect is sales-qualified.

Performance Monitoring and Optimization

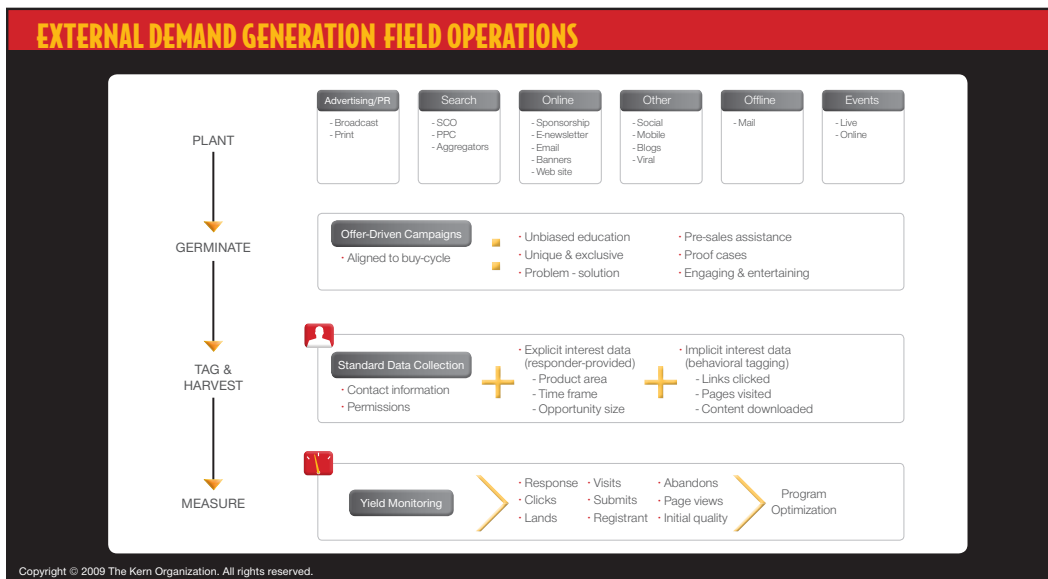
In addition to the three major operating areas, the High-Tech Lead Farm is comprised of the monitoring and closed-loop reporting of all aspects of demand generation and lead management operations. There are four major categories of reporting within the High-Tech Lead Farm:

- **Demand Generation Production Reports** – This set of reports provides insight on the performance of demand generation campaigns.
- **Data Management Performance Reports** – The second set of reports centers around the various data management operations and the movement of data within this system. This reporting provides insight on the quantity of records moved into the data management operation and a series of management reports about the progress of data as it moves through the various data management operations.

- **Sales Development Operational Reports** – The third set of reports provides visibility into the three sales development stages. The reports provide insight into the acceptance rate of leads passed to the field into their sales pipeline, and the movement of sales opportunities through the sales funnel.
- **Overall System Dashboard Reports** – Provides an easy-to-read indication of current performance against acceptable benchmarks.

(Please see the **Measurement: Performance Monitoring and Optimization** section on page 16 for more details of the reporting activities within a High-Tech Lead Farm.)

IV. How a High-Tech Lead Farm Optimizes Demand Generation Operations



The goal of demand generation operations is to harvest warm initial sales inquiries from a range of direct response marketing activities.

Best-practice direct marketing strategies combined with the latest techniques in data collection are required to optimize the performance of external demand generation operations.

The goal of demand generation operations is to harvest warm initial sales inquiries from a range of direct marketing field activities (advertising, trade shows, email, direct mail, search, etc.).

Accomplishing this goal requires the sophisticated implementation of integrated direct response marketing campaigns. There are three major concepts that are an integral part of High-Tech Lead Farm's demand generation optimization:

Planting the Seeds: Messages of Hope, Promise and Relief

There are two categories or fields types for demand generation operations – external marketing fields and internal marketing fields.

- **External Marketing Fields** are those marketing channels where your messages and offers are placed in an effort to identify potential inquiries. They encompass a wide range of channels, such as advertising, online banners, search, direct mail and events.

- **Internal Marketing Fields** are your internal customer touchpoints where new business opportunities can be created for up-selling or cross-selling efforts, such as customer service contacts, inbound technical support calls or existing product ownership registration databases, as well as prior marketing campaign responders. This can be one of your most profitable and highest-performing marketing opportunities, and is often ignored by many companies. Never forget the old marketing adage: “Your best prospects are your current customers.”

It is within these media channels (external and internal fields) that marketers plant the seeds of hope, promise and relief by providing specific messages and making relevant response offers to their various target audiences.

Never forget the old marketing adage: “Your best prospects are your current customers.”

Germination of Inquiries

From a marketing standpoint, the generation of inquiries requires the use of direct response advertising strategies to germinate/motivate a prospect to respond to an offer. Within a High-Tech Lead Farm, a prospect can respond by calling a toll-free number, visiting a Web site, returning a postage-paid reply card or walking into a retail store.

Generating high response, or good germination rates, is a direct result of matching the target audience to an appropriate offer while presenting the offer benefits in a clear and compelling manner. To maximize the generation of warm inquiries within demand generation activities, B-to-B marketers should concentrate on offer titling, position and alignment with the B-to-B buy-cycle.

Guidelines to choosing successful offers include:

- Working toward the alignment of offers with the first three stages of the B-to-B buy-cycle: interest, consideration and evaluation. Here are three white paper offer examples and their titles for each stage of the buy-cycle.
 - a. **Interest Stage** – “Latest Trends in Data Management” is a broad topic that can appeal to anyone thinking about data management.
 - b. **Consideration Stage** – “The Seven Most Important Issues to Consider When Selecting a Data Management System.” This title is more specific and attracts prospects in the consideration stage of the buying process.
 - c. **Evaluation Stage** – “How to Select the Right Data Management Software Solution for Your Business.” This is a very specific title that will attract buyers who are well along in the purchasing process.
- Creating a library of offers for the three types of B-to-B buyers that include economic buyers, technical buyers and end-user buyers. These buyers all need to be attracted and cultivated simultaneously.
 - a. **Economic Buyers** – These buyers are leaders within a company (CEOs; CIOs; CFOs; Sr. VPs; VPs of operations, management, marketing, etc.). This group is concerned with the benefits, competitive advantage, cost, start-up time and, ultimately, the ROI on a given investment.

- b. **Technical Buyers** – These buyers are interested in product specifications, equipment operating speeds or throughput numbers, implementation, support and integration issues. This group is comprised of VPs, directors and managers. They are generally engineers and research, technology and IT professionals.
- c. **End Users** – These are buyers who will actually use a given product or service and are looking to bring the ultimate end-benefits of a product or service into the company. This group is looking to make their work easier, more efficient, hassle-free and results-oriented, and for help competing more effectively. It is comprised of VPs, director and managers.
- Offers that generate the most response generally have the following characteristics:
 - a. **They are educational and informative.** As a rule, businesspeople want to learn, especially if the information at hand will help them solve their problems.
 - b. **They are unique and exclusive.** People respond to offers that are unique because they cannot get them anywhere else, or they have not seen them before.
 - c. **They are engaging and entertaining.** The Web makes it easier than ever before to engage a responder and entertain them. Some B-to-B marketers are using online games as a way to engage and entertain; some are using video. A key factor to always remember: you cannot bore people into doing business with you. Instead, you must create offers that entice.
 - d. **Great offers should provide proof of benefit or solution to a given problem.** In this day and age, businesspeople are skeptical. They are looking for solid proof of a given claim. For an offer to be successful, it must provide this proof.

(For more information about offer strategy, download The Kern Organization’s white paper *Developing a Compelling Offer that Generates Quality Sales Leads.*)

Tagging and Harvesting Inquiries

A unique aspect that makes a B-to-B High-Tech Lead Farm environment highly effective is how inquiry data is harvested. When a prospect shows interest and responds to an offer, the inquiry is tagged and electronically harvested. The tagging process is the collection of a prospect’s “DNA” (desires, needs and attributes). A prospect’s DNA is comprised of two types of data streams that are wound together much like the double helix of actual DNA. These two strands of data are called volunteered or explicit data, and observed or implicit data respectively.

- **Volunteered or Explicit Data** is actively collected. It consists of contact information captured on a registration form, including the prospect’s name, company name, title, address, phone, email, area of interest, potential time frame for purchase and permission for future contact.
- **Observed or Implicit Data** is passively collected by tracking prospect behavior. Behaviors, such as Web site page visits, white paper downloads and links clicked on while a prospect is visiting a site, are all tagged, and this implicit data becomes part of a prospect’s DNA.

A unique aspect that makes a B-to-B High-Tech Lead Farm environment highly effective is how inquiry data is harvested.

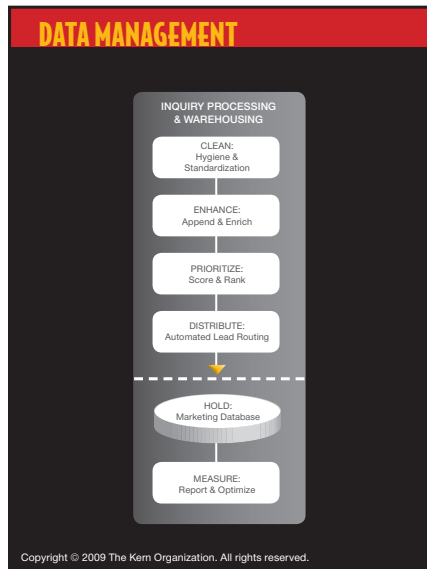
The combination of active and passive data collection is referred to by Eloqua – an integrated marketing software company that specializes in lead management platforms (www.eloqua.com) – as observing a prospect’s “digital body language.” This dual approach to data capture has become the new standard for lead management, and it is delivering companies higher and more accurate lead scores.⁴

From a harvesting point of view, unlike traditional farming that leaves seedlings in their original place to grow into ripe produce, within a B-to-B High-Tech Lead Farm, raw responders or warm inquiries are electronically harvested and transported in real time through electronic data transport to the data management center for a series of data processing steps, which are described below. After data is put through data operations, inquiries are automatically moved to one of three areas for sales development. The most common location where data is moved to is called inquiry cultivation. This is a virtual inquiry greenhouse where a proactive series of one-to-one nurturing activities occurs.

(Please see the section **Inquiry Nurturing** on page 18 for more details.)

After data is put through data operations, inquiries are automatically moved to one of three areas for sales development.

V. Data Management on a High-Tech Lead Farm



Centralized data operations improve the quality of data within a High-Tech Lead Farm while ensuring that the right sales resources are deployed against the opportunities.

There are six major operations of inquiry processing and data warehousing within a High-Tech Lead Farm environment.

As warm inquiries are electronically harvested, prospect data is sent to a centralized data center for several processing steps.

1. Cleaning: Data Hygiene and Standardization

Raw inquiries need to be cleaned to get rid of their “dirt.” The goal here is to eliminate unqualified inquiries and fictional names from the marketing database (e.g., *Mickey Mouse*, *Donald Duck* and *Mr. John Q. Test*). Additionally, duplicate data must be eliminated. For example, *Jim Smith*, *James Smith* and *J. A. Smith* must be consolidated into a single contact record. Furthermore, raw data has to be standardized for future use. For example, the all-cap data *JIM SMITH* needs to be converted to upper- and lowercase format as *Jim Smith*. Also, abbreviations such as *St.* and *Ave.* need to be converted to *Street* and *Avenue*.

⁴Aberdeen Group, “Lead Prioritization and Scoring: The Path to Higher Conversion,” April 2008.

2. Enhancement: Appending and Enriching

The next step of the process is to assign an inquiry a unique site record ID at the site level, not at the contact level. The most comprehensive site ID system is the use of D-U-N-S® Numbers. Created in 1962, the Data Universal Numbering System, or D-U-N-S, is copyrighted by Dun & Bradstreet and is a proprietary means of identifying business entities on a location-specific basis. D-U-N-S Numbers are assigned and maintained solely by Dun & Bradstreet. These unique nine-digit identification numbers have been assigned to more than 100 million businesses worldwide.

A D-U-N-S Number remains with the company location to which it has been assigned, even if the company goes out of business. The D-U-N-S Number enables the marketer to append a wealth of value-added data associated with that entity, including the official business name, physical and mailing addresses, trade styles (DBAs or “doing business as”), names of principals, financial revenues, payment experiences, industry classifications (SICs and NAICS), socio-economic status, government data and more. The D-U-N-S® Number also links members of corporate family trees worldwide.

3. Prioritization: Scoring and Ranking

The third step of the process is scoring the data. Traditionally, most sales inquiries are scored using criteria established 20 years ago at IBM: BANT (Budget, Authority, Need and Timeline). Most salespeople believe that these four criteria are the most important data points for helping them determine whether a prospect is qualified and justifies the time needed to follow up. Typical BANT questions are as follows:

- What is your budget?
- What is your authority or role in the purchase process?
- What are the problems you need to resolve?
- What is your approximate time frame to purchase?

Buyers today are quite sophisticated. They are able to do more of their own product investigation on the Web, and salespeople do not get as many opportunities to see buyers face-to-face to accurately assess their purchase interest. Also, responders do not want to be inundated with emails and phone calls, so they are reluctant to provide information about themselves or their needs during their initial inquiry steps.

While marketers should not lose their focus on collecting answers to the BANT questions early in the sales process, given how B-to-B prospects do their own research, marketers must use a complementary data collection process that prevents a prospect from feeling overwhelmed, burdened or scared when they first engage with your organization.

Therefore, as was mentioned in the section **Demand Generation: Tagging and Harvesting of Inquiries**, marketers have turned to the collection of implicit data and behavioral tagging as an additional input to drive lead scoring algorithms.

Within a High-Tech Lead Farm, we call this combination of explicit data and implicit data a prospect’s DNA score. However, how the score is derived requires discussion and agreement between sales and marketing.

Most sales inquiries are scored using criteria established 20 years ago at IBM: BANT (Budget, Authority, Need and Timeline).

Within a High-Tech Lead Farm, we call this combination of explicit data and implicit data a prospect’s DNA score.

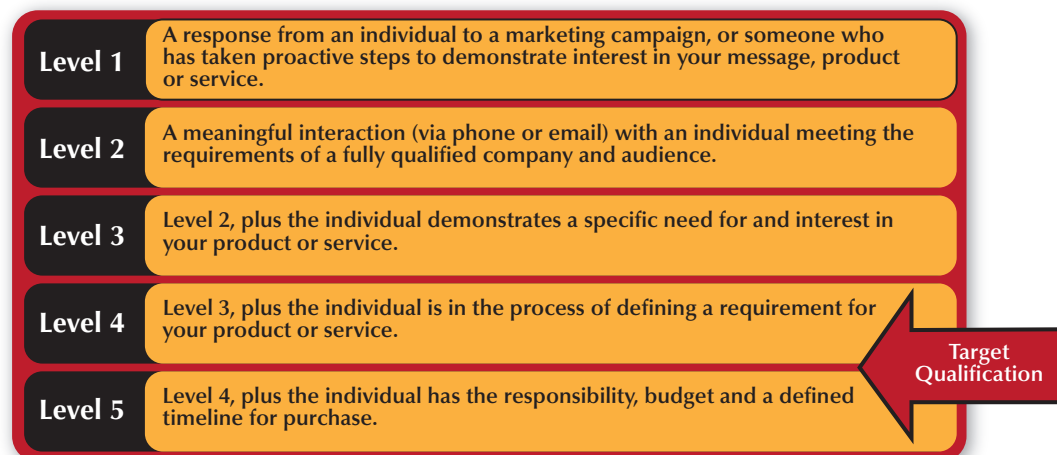
To create a meaningful prospect DNA lead scoring methodology, the scorecard system must be developed in concert and with the agreement of the sales leadership. This is critical because the sales force has to agree on the criteria for which aspects of an inquiry's data record are going to be used to drive the score, the importance of each element and how the algorithm will calculate the final score. Then, they must be willing to hold themselves accountable for following through on the leads that meet the "passed to field" criteria. Specifically, when a lead is deemed sales-qualified and is passed to the sales organization, a salesperson agrees to contact the lead and, in 80% of cases, accepts the lead into the sales pipeline. In cases in which they don't accept a lead into the sales pipeline, the salesperson must be able to provide an acceptable explanation for why the lead went by the wayside.

There are four primary scoring criteria that need to be determined within a B-to-B High-Tech Lead Farm. The criteria for when:

- An inquiry is sent to inquiry cultivation for nurturing
- An inquiry is passed from nurturing to telemarketing for further qualification
- An inquiry becomes a marketing-qualified lead (MQL) as a result of tele-qualification activities
- A marketing-qualified lead becomes a sales-qualified lead (SQL). This means that the lead has met the agreed-upon criteria and sales has accepted the lead as qualified and will work and report on the status of the lead utilizing the SFA system.

The Best-Practice Lead Quality Levels as Defined by SiriusDecisions

Lead Quality Levels 1–5



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4. Distribution: Automated Inquiry Routing

This is one of the most critical aspects of a High-Tech Lead Farm. The goal of distribution rules is to maximize the efficiency of the sales organization by preventing them from wasting their time following up on inquiries that are not sales-qualified. It is also important

to determine whether or not to have a high-priced sales individual engage in relationship/cultivation activities, which ultimately could be done by a lower-cost telemarketer or even by eNurturing activities.

Forrester Research reported that nearly 50% of B-to-B firms do not have standardized inquiry routing rules across their entire enterprise. 17% of these firms funnel all inquiries to a single point of contact. Thus, customers end up waiting for a sales call. Best-in-class companies route inquiries to the sales force within 24 hours.⁵

Based upon an inquirer's score, inquiries are then routed to the next-best step in the sales development process. In 80% of inquiry cases, the next-best sales step will be to route them to inquiry nurturing.

About 15% of raw inquiries will be immediately ready for tele-qualification. In the tele-qualification stage, a sales relationship is developed. Explicit data provided by the prospect is confirmed. Then, during the conversation, additional information and insight can be collected. This could include information such as the nature of their problem, their exact needs and who else in their organization might be involved in the sales process.

About 5% of inquires will be ready for immediate sales contact, based on the size of the organization, the individual inquiring or the nature of the inquiry.

Once a lead is sent to the appropriate next step in the sales development process, the second phase of cultivation activities begins.

It is critical that lead routing systems become integrated with SFA systems, especially once an inquiry has become sales-qualified. Therefore, High-Tech Lead Farm data can be transferred and uploaded into a popular SFA system, such as Siebel or Salesforce.com, to provide closed-loop reporting and leverage channel partner behavior.

5. Marketing Database

At the center of a High-Tech Lead Farm sits the marketing database. This is the central repository for all inquiry data, response history, solicitation history, lead scoring and ultimately, revenue activity. While it is ideal to have all data within one central repository, the practicality of that is not realistic. Most companies have legacy systems, a range of accounting, sales and customer relationship systems. Perfect integration is an unrealistic goal. Therefore, to overcome this obstacle within a High-Tech Lead Farm, the marketing database is designed to hold and track solicitation history, response history, contact history, site and contact attributes, and contact behaviors.

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⁵Forrester Best Practice, "How Mature Is B2B Lead Management?", November 2006.

6. Measurement: Performance Monitoring and Optimization

This operation of a High-Tech Lead Farm is comprised of the monitoring and closed-loop reporting of all aspects of demand generation and lead management operations.

The production reports that come out of a High-Tech Lead Farm help marketers get answers to the critical questions that allow them to see the performance of each aspect of their High-Tech Lead Farm operation. For example:

- How many inquiries were generated by each campaign?
- What was the cost to generate these inquiries by campaign?
- How many inquiries were converted into marketing-qualified leads (MQLs)?
- How many inquiries were converted into sales-qualified leads (SQLs)?
- How many sales-ready leads become closed deals?
- How long does it take on average to convert a sales-qualified lead to a closed deal?
- How many inquiries are in the nurturing operation?
- How many nurtured leads were moved to tele-qualification?

The answers to these questions come from the four major categories of measurement reporting with a High-Tech Lead Farm:

- a. **Demand Generation Production Reports** – This set of reports provides insights on the performance results of demand generation campaigns, such as response rates, click rates, cost per response, cost per qualified inquiry and a prospect’s initial DNA score based on data collection.

As part of the reporting package, you will have insight into the performance of each demand generation campaign, whether it’s an online program, an email blast or a direct mail program. Some specific aspects of demand generation reports include:

For offline campaigns:	For online response and campaigns:
Response rate	Unique visits
Cost/Response	Submit or click rates
Cost/Marketing qualified inquiry	Conversion rates
Cost/Closed deal	Registration rates
Inquiry-to-lead-conversion ratio	Abandon rates
Lead-to-sale ratio	Page views
Gross-inquiries-to-sales-conversion ratio	

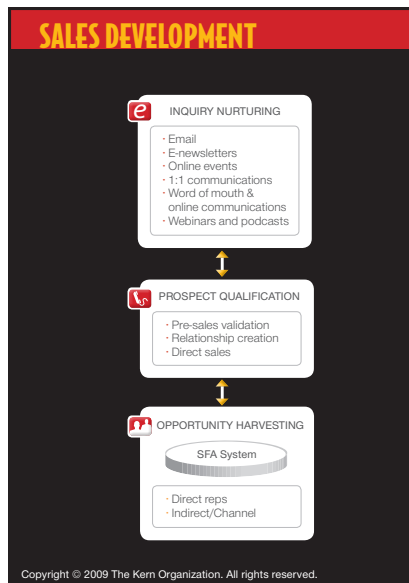
- b. **Data Management Reports** – The second set of reports centers around the various data management operations and the movement of data within this system. This reporting provides insight into the quantity of records moved into the data management operation, followed by a series of management reports about the progress of data as it moves through the various data management operations. For example:
1. The number of records being hygiened
 2. The number of records sent for appending and the number of records that come back with and without data appended
 3. Updated prospect DNA lead scores based on data appended and the quantity of inquiries that are distributed daily to each of the three sales development stages (nurturing, qualification, harvesting)

Keeping track of how many records are sent and how many are received is a key quality check to ensure that inquiries were not dropped or lost during the transmission of data.

- c. **Sales Development Operational Reports** – The third set of reports provides insight into the three sales development stages. For inquiry nurturing, there are reports on the daily number of emails delivered, open rates, click rates and number of leads passed to tele-qualification based on a change in lead status. For tele-qualification, there is reporting on the number of dials, contacts, contacts per hour, lead dispositions, lead qualification rates and the number of leads that are passed to the field based on meeting qualification criteria. These reports are derived from the SFA system. They provide insight into the acceptance rate of leads passed to the field into their sales pipeline and the movement of sales opportunities through the sales funnel.
- d. **Dashboard Reports** – While collecting data and reporting on performance of High-Tech Lead Farm operations are important, providing a dashboard of critical metrics helps the marketer determine what aspect of a High-Tech Lead Farm needs attention. Below are a few of the key performance numbers that can be provided in a dashboard report as part of a High-Tech Lead Farm operation:
1. Conversion percentage of inquiries to marketing-qualified leads – measures the effectiveness of lead nurturing operations
 2. Conversion percentage of marketing-qualified leads to sales-qualified leads – measures the effectiveness of tele-qualification activities
 3. Acceptance rate of marketing-qualified leads into the sales funnel – measures the alignment of lead criteria between marketing and sales
 4. Percentage rate of closed-loop sales feedback – identifies which sales reps and managers are not providing accountable feedback on qualified leads
 5. Pipeline and revenue generated from marketing-qualified leads – measures both the sales-assigned pipeline funnel and ultimate revenue contribution from marketing activities

Providing a dashboard of critical metrics helps the marketer determine what aspect of a High-Tech Lead Farm needs attention.

VI. Sales Development with the High-Tech Lead Farm



A key goal of the sales development process is to deliver leads of such quality that your sales force can convert 80% or more into pipeline opportunities.

The 80/20 Crop Waste Minimization Process: How to Deliver 80% Quality Leads to Your Sales Force for Conversion into Sales Pipeline Opportunities

The vast majority of B-to-B inquiries from your demand generation campaigns will need to be nurtured.

A study of 100,000 inquiries conducted by an inquiry handling corporation in the 1990s showed that only 13% of initial inquiries considered a purchase within the first 90 days of inquiry. However, 45% of inquirers did buy the product category they inquired about after 12 months.

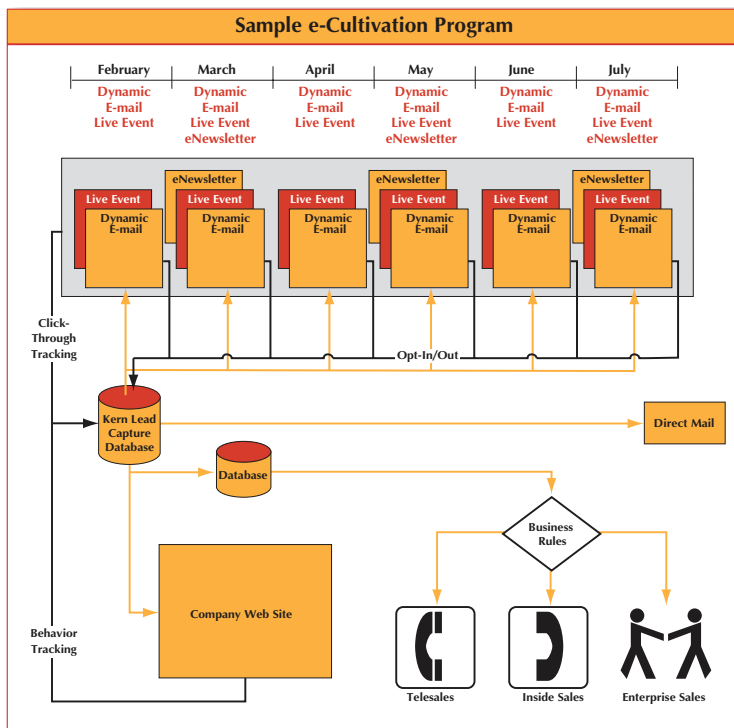
More recently, Aberdeen Group reported that only 16% of leads identified as sales opportunities actually close, and the difference between a best-in-class company and a mediocre company lies in how they handle the other 84% of qualified opportunities. Furthermore, Aberdeen Group reported that without a formal lead nurturing program, qualified leads slip through the cracks and become a lost revenue opportunity. 56% of participants in their study indicated that they lacked a formal lead nurturing program to support and nurture long-term opportunities.⁶

Aberdeen Group reported that only 16% of leads identified as sales opportunities actually close.

Inquiry Nurturing

In the inquiry nurturing process, marketers now use the high-tech greenhouse approach to grow warm inquiries into qualified marketing leads. This aspect of the sales development operation relies on low-cost e-marketing and one-to-one print-on-demand methods. Technology now makes it easy for the B-to-B marketer to implement automated-drip marketing programs that use a combination of email messages and one-to-one direct mail to increase the interest and engagement of an inquirer. Lead management technology platforms support this type of high-tech lead nurturing process and make it easy for marketers to set up automated business rules to drive the dynamic assembly of messages and offers as well as determine the optimal frequency of messages to send.

⁶Aberdeen Group, "Lead Nurturing: The Secret to Successful Lead Generation," November 2008.



Prospect Qualification

In the prospect qualification process, marketers have telemarketers build relationships with prospects. By touching prospects through the telephone, telemarketers can determine where a prospect is in the purchase process, may uncover additional information about the company and its needs, and can verify any information provided.

There are two primary strategies used in this aspect of the sales development operation:

The first of these is data verification and incremental opportunity data collection.

This strategy is a common approach to prospect qualification. A telemarketer makes several outbound calls to respondents from marketing campaigns who have been deemed worthy of the expense of telemarketing. The goal is to verify that the active data provided (such as contact, title, company, role) is correct and, more importantly, to ask relevant questions about the reason for a prospect's interest and the business challenges that a given prospect might be interested in discussing further. Tele-qualification work is best used to identify the real decision makers and influencers within a given organization.

The second strategy is a more sophisticated direct sales relationship development program that leads to either a direct sale or a team sales approach using field sales representatives.

In this strategy, the telephone rep not only asks questions about a prospect or his/her company's issues, but also, given the call center agent's product knowledge, asks specific application questions and conducts an effective and meaningful conversation with the prospect. As a result, call center reps are able to select and send specific case studies, spec sheets or other sales support materials to advance the prospect through the sales process.

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Opportunity Harvesting

In the opportunity harvesting step of the High-Tech Lead Farm process, sales opportunities are passed from the tele-qualification centers to the sales channels to be actively worked by the sales rep or indirect sales channel (e.g., dealer, retailer). The drivers of success for this step are:

- Sales support materials provided to the sales organization
- Weekly review of all sales opportunities in the pipeline
- Publicly published progress reports of sales opportunities by rep, manager and region. This last step is one of the most effective sales management tools we have. Stack rankings of sales progress allow top performers to be recognized and bottom performers to be identified.

FY 2002 YTD Leads as of XXX					Pending Leads by Sales Manager						
Sales Region	Pending Count	Region			Sales Mgr.	Region	Pending Count	Total Count	% Pending to Total	Pipeline Revenue	
Region C	24				Robert Hubbard	West	52	65	30%	\$ 4,251,000	
Region A	52				Peggy Cocapin	West	102	149	69%	\$ 8,744,000	
Region D	131		83.3%	83.3%	Dan Kraus	West	37	93	61%	\$ 6,032,200	
Region B	152	25	88.0%	52.1%	Mark Spurtack	West	38	130	28%	\$ 2,270,600	
Region E	26	49	53.1%	53.1%	Kim Anelena		8	50	18%	\$ 5,502,000	
Region F	229	335	68.4%	68.4%	Sheila Kruger		10	75	13%	\$ 4,925,000	
Strategic	15	18	83.3%	83.3%	Keith Harris		12	104	12%	\$ 6,801,600	
Region G	22	25	88.0%	88.0%	Grand Total		666		30%	\$ 43,556,400	
Grand Total	689										
Pipeline revenue by Region					Pipeline Revenue by Sales Rep						
Sales Region	With Revenue Count	Total Count	% Active with More 6+ Total Leads	Total Revenue	Sales Name	With Revenue Count	Total Count	% Active with Revenue	Revenue	Average Revenue/Lead	
Strategic	6	6	100.0%	\$231,700	Jeff Sexton	13	13	100%	\$ 632,500	\$ 48,654	
Region D	292	314	93.0%	\$13,611,277	James Walker		11	17	94%	\$ 1,088,000	\$ 68,000
Region B	90			\$8,129,483	Meg Stasch		11	11	91%	\$ 300,000	\$ 30,000
Region E				\$4,424,916	Jason Rudge		19	19	84%	\$ 2,114,000	\$ 132,125
Region F				\$4,210,200	Daniel Noshish		17	17	82%	\$ 1,845,000	\$ 131,786
Strategic				\$3,756,799	Scott Colosimo		9	9	78%	\$ 369,500	\$ 155,000
Region G	1			\$55,000	Debra Glenn		3	3	67%	\$ 110,000	\$ 61,583
Region G	0	3	0.0%	\$0	Christopher		3	3	50%	\$ 300,000	\$ 36,667
Grand Total	601	703	85.5%	\$34,419,375	Philip Moreton		1	1	96%	\$ 230,000	\$ 57,500
					Cindy Morgan		1	1	96%	\$ 140,000	\$ 35,000
					Grand Total	2	7	29%	\$ 195,000	\$ 97,500	

Another aspect of this sales process is that sales-qualified leads are uploaded into a company's SFA system, such as Siebel or Salesforce.com. This is a critical aspect of a High-Tech Lead Farm operation because the integration of lead management and sales management in a closed-loop environment is the best way for marketers to maximize their marketing ROI.

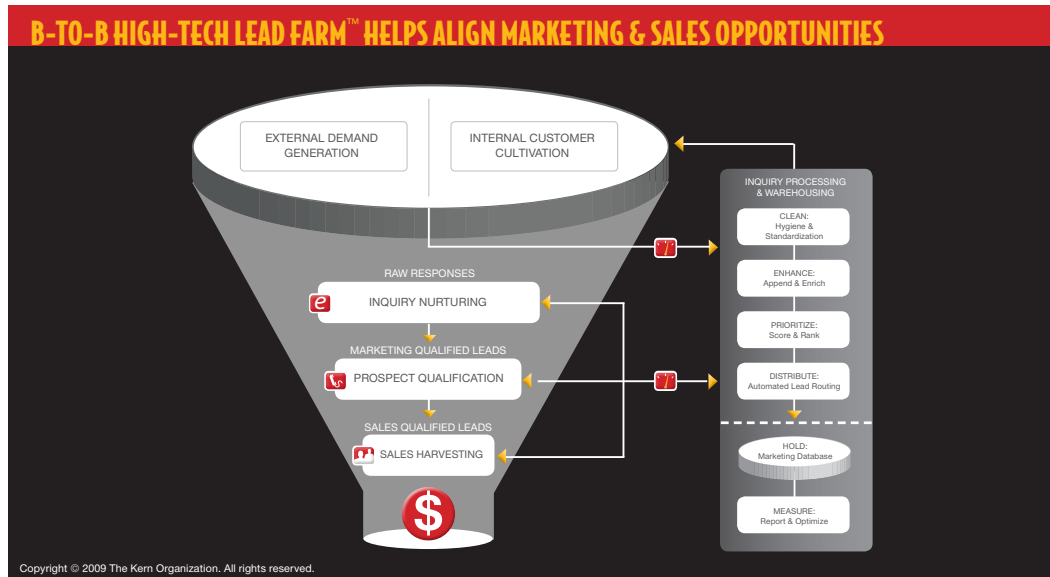
Yield Reporting and Program Optimization Through Key Performance Indicator Benchmarks

Each input and output within a High-Tech Lead Farm operation is measured and reported. Besides getting campaign results, management is able to see the number and cost per lead of inquiries that do get to cultivation, pollination and opportunity optimization. When managing a High-Tech Lead Farm, there are several key performance indicators (KPIs) that need to be monitored:

- The raw inquiry conversion rate to an MQL from various lead sources
- The unqualified rate of MQL to SQLs as judged by sales
- The number of days SQLs are in an active status (i.e., being worked)
- The value of the pipeline by lead as assigned by sales

- The win/loss percentage and assigned pipeline revenue generated
- The days it takes to move an inquiry to MQL status and from MQL to SQL status
- The percentage of SQLs that are marked with closed-loop feedback from sales

VII. A High-Tech Lead Farm Aligns Sales and Marketing Operations to Optimize the Volume and Velocity of Opportunities into and Through the Sales Funnel



Summary

A B-to-B High-Tech Lead Farm is a best practice methodology to maximizing the efficiency of demand generation and lead conversion operations.

This approach is designed to help marketing and sales organizations deliver quality leads that allow the sales force to have the confidence to put up to 80% of the leads provided by marketing into their opportunity pipeline instead of being discarded as waste. The integration of demand generation operations, data management operations and sales development operations into a single, cohesive opportunity is a best-practice approach in the B-to-B marketing world today. While it is difficult to migrate legacy systems and approaches to a fully integrated and automated approach, studies reveal that those marketers who work toward the deployment of a High-Tech Lead Farm approach using integrated lead management platforms and best practices in direct response marketing can and do achieve these benefits:

- Improved return on marketing investments
- Improved sales-effectiveness
- Reduced redundancies and costs
- Improved operational efficiencies

- Improved decision making of marketing operations
- Optimized marketing and sales investments
- Improved communication and alignment between marketing and sales
- Improved sales win rates

About The Kern Organization

Over the past 20 years, The Kern Organization has developed unique expertise in helping B-to-B marketers optimize their go-to-market operations. TKO brings to its clients the experience of working with more than 50 leading B-to-B marketing companies, developing thousands of campaigns and generating millions of qualified sales leads. TKO provides evaluation, consultation, design and implementation services for all aspects of integrated demand generation and lead management programs using its exclusive B-to-B High-Tech Lead Farm™ approach.

For more information, contact Russell Kern at 800-335-4244 or rkern@thekernorg.com.

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