FUNDAMENTALS OF SALES LEAD MANAGEMENT

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Introduction from Ken Krogue

The next time one of your salespeople yells, "Show me the money," shout right back, "Show me the metrics." Effective sales pipeline management begins with the right data.

Matt Heinz, Pete Gracey and I put together a webinar on sales pipeline management. We show you how to calculate how many leads and opportunities you need to achieve your sales goals, and other best practices. We all get asked about these topics so often that we decided to package these valuable insights into this ebook.

Matt shares some eye-popping stats that highlight the value of lead nurturing. He reminds us that 60 percent to 65 percent of inbound leads are qualified but not ready to buy. He provides some practical tips for treating these leads like long-term prospects and guiding them down the sales funnel.

Matt also offers up a proven framework for documenting your lead management process. You can do this by answering a series of crucial questions, such as: How does a new lead get assigned? What are the assignment rules? How will we follow up on each lead? What's the follow-up message? Plus a few more.

Pete reveals the power of using social intelligence to target prospects and nudge them further down the funnel. He points out that automated email campaigns aren't simply a marketing tactic. He shows you how your sales team can take advantage of automated emails to nurture prospects with relevant content.

I walk you through the seven rules for improving contact ratios with busy decision makers. And we explore ways to create urgency and leverage trigger events to close deals faster.

I had a lot of fun doing the webinar with Matt and Pete. They're masters at sales pipeline management. I've learned a lot from both of them. I'm sure you'll find their sales wisdom useful, too. You can watch the webinar [here](#).

Happy selling,

Ken Krogue President & Founder, InsideSales.com

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About the Authors

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Ken currently leads the Business Development, Consulting, Education, Implementation and Support departments at InsideSales.com. He brings more than twenty-four years of experience in sales, development and marketing in both domestic and international markets and is a weekly contributor to Forbes.com. His blog is the top-ranked blog in the world on the topic of inside sales.

Matt Heinz

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Matt brings more than fifteen years of marketing, business development and sales experience from a wide range of organizations, verticals and company sizes. He's held leadership positions at Microsoft, Weber Shandwick, Boeing, The Seattle Mariners, Market Leader and Verdiem. In 2007, Matt launched Heinz Marketing to help clients focus their business and customer opportunities and then scale a plan to execute their revenue and customer growth.

Pete Gracey

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Pete founded AG Salesworks back in 2002 with his partner, Paul Alves. Their goal was to provide technology to companies with high quality and fully-qualified sales leads. In his current position, Pete oversees daily operations of AG Salesworks, which includes client engagement, personnel management, business strategy and across the board data analysis with long-term strategic planning. He is a prolific blogger, frequently posting to the company's website and also contributing to online video presentations.

Pipeline Basics

Metrics

Sales pipelines begin with the metrics. It's difficult to manage a sales pipeline without knowing what you need. We use a very simple pipeline calculation in which we take into account questions like: How many sales do you need? How many opportunities do you need to get there? How many leads do you need to get to that number of opportunities?

I often find companies that have a certain revenue number in mind haven't done the accurate math on how many opportunities are needed in order to hit that number. Between 25 and 33 percent of opportunities in a B2B environment will close at the expected close date. For every three to four opportunities, one will close, and only 5 to 10 percent of qualified leads will actually turn into an opportunity. If you do the math, you very quickly get a sense for the scale of the work needed.

People and Problems, Not Products

We need to focus on people and problems, not products. When you're building a marketing plan, I highly recommend you do it with five questions that are fairly straightforward and that focus on the prospect.

Marketing Plan in 5 Questions

1. What/Who is your target?
2. What do they care about? What outcome are they seeking?
3. Where do you find them?
4. What or who influences them?
5. How do they want to engage and (eventually) buy?

At the beginning of any sales or marketing challenge, we at Heinz Marketing ask ourselves what success looks like and to whom we are selling. What do we need to know about this person to convert him into an opportunity? He may be the direct target you want to get to, but it's also important to understand the entire ecosystem you are selling into. Everyone within the company has a different role with different ideas and approaches to the same problem. Instead of talking about your solution, speak to the problem that already exists. Translate your message into their needs. In some cases, the company knows it has a problem, in other cases, it doesn't. If you can educate a company on a problem it didn't know existed and you can quantify it, then you're getting somewhere.
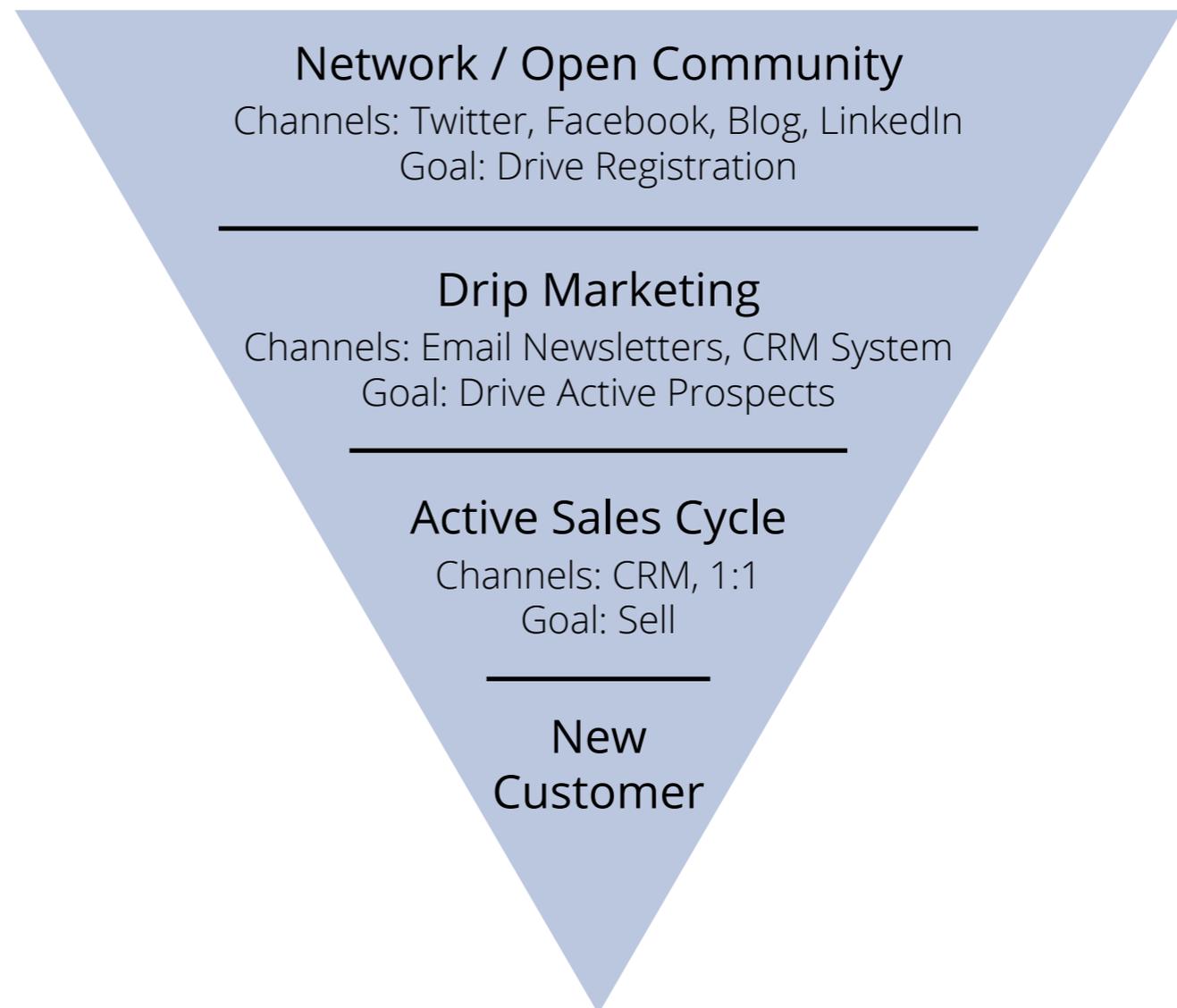
Pipeline Basics

Prospect Engagement Funnel

Most companies want to take their prospects, put them in a sales cycle and turn them into new customers. Marketing tells us that for inbound leads, only 10 to 15 percent are qualified and ready to buy. 60 to 65 percent are qualified but not ready to buy.

Most sales and marketing organizations treat these prospects the same way. They give all the leads to sales. Sales follows up, finds that the vast majority are not ready to buy, and then nothing happens with that audience. This is where you get into drip marketing. Nothing fancy involved in this. Marketing automation is helpful, not necessary. The important thing is to realize most prospects are going to be long-term prospects who need to be nurtured. Twitter, Facebook and other social media can be used as early relationship builders.

Customer Targets (based on persona profiles)

Network / Open Community
Channels: Twitter, Facebook, Blog, LinkedIn
Goal: Drive Registration

Drip Marketing
Channels: Email Newsletters, CRM System
Goal: Drive Active Prospects

Active Sales Cycle
Channels: CRM, 1:1
Goal: Sell

New Customer

Pipeline Basics

Leads and Opportunities

There are different stages of an inbound lead. At Heinz Marketing, we've defined what it means to be at each of those stages, and we have a next step and specific action items for sales and marketing at each stage. It's especially important to know the difference between a qualified lead and a new opportunity. Enumerating that difference is the most important part of driving better sales and marketing alignment.

		Productivity			
		1. Proactive	2. Reactive	3. Minimal	4. Dark
Importance	1. Elite	Monthly meetings Joint pipeline Gist Twitter	Monthly meeting/call Gist Twitter	Bi-monthly call Gist Twitter	Quarterly call Gist Twitter
	2. Good	Bi-monthly meetings Joint pipeline Gist Twitter	Monthly calls Gist Twitter	Quarterly call Gist	Quarterly call
	3. Occasional	Quarterly meetings Gist	Quarterly call	Email only	Email only
	4. Minimal	Email only	Email only	Email only	Email only

Managing Referral Sources

It's important to manage referral sources. I recommend ranking your referral partners on a two-part scale. On a 1-4 ranking, rank their importance to

you and their level of productivity. What I mean by importance is, how good are the leads they're bringing to you? And in terms of productivity, how active and how proactive are they at bringing those leads to you? With some referral sources you may just do an email update from

time to time. But for referral partners who bring you elite leads and are proactive about doing it, you may be very aggressive. You will probably find that you spend the majority of your time with the minority of your referral partners.

Pipeline Basics

Lead Management Process

I also encourage you to have a strong sense of what you're going to do with incoming leads. You need to have a documented process for what happens to a lead in each stage. How does it get assigned? What are the assignment rules of those leads? What's the expectation of how it will be followed up? What's the follow-up message? Who's writing that message? Who's delivering that message? What happens next based on whatever reaction the prospect has to that message? It may look like a complicated process, but if you don't have a process like this, it's very difficult to be sure you're consistently and entirely getting all the value from the leads you're generating.

Lead Scoring and Steps

Not every lead is created equal. Some leads will tell you they're qualified and ready to buy, some will not. There are ways you can score leads based on their response to campaigns and activity with your content. Even if you don't have marketing automation systems, you can do basic lead scoring based on responses to campaigns. And you can do a lot of it within Salesforce and its campaign tools. Stepping back and thinking about what your strategy is for managing the overall pipeline is what is important. The tools are merely tools.

5 Steps to Managing Your Pipeline

What Happens After Success?

What happens when you are successful? Imagine your message has gotten out there. Your campaigns are working and now you have an active marketplace that requires you to prospect further. Now what? There are five things you need to think about when you're about to embark on or are currently teleprospecting your ideal customer profile.

Step 1. Tactical Outbound Messaging

Before you go looking for fully-qualified opportunities to get on the phone, take special care deciding what you're actually going to say to them. We call this tactical outbound messaging. When you are thinking about what a fully-qualified lead is, there's one operative word to keep in mind: pain. You've got to establish the specific pains you can solve for a client with your technology and make sure your tactical outbound messaging is personalized to that pain. Make sure you're using all the resources at your disposal to know what to say to them and when to say it.

Social intelligence can also be huge in terms of tracking prospects throughout their careers and leveraging that information. Leverage all the tools that are at your disposal, focus on pain, and create a tight message. This will allow you to get as many people live on the phone for meaningful conversations as possible.

Step 2. Email Marketing Automation

Organizations are doing an exceptionally good job at the top of the funnel with their marketing automation solutions. But this great technology, which automates a very cumbersome process, falls off the map when a lead gets into the hands of a teleprospecting rep. This shouldn't happen. Every one of your reps who is outbounding should have an individual instance of your marketing automation solutions fixed into his or her teleprospecting plan. Don't stop incorporating your overall corporate campaigns just because someone has gotten into the middle stages of your sales

5 Steps to
Managing Your Pipeline

waterfall. Keep the content flowing. Keep the automation in place all the way through-out the process, until there's a point in time where your sales team has indicated that this person is so close there's no need to be communicating with them in an auto-mated capacity.

Step 3. Fully-Qualified Lead Delivery

None of what I've mentioned matters if you don't have a tight definition of what a fully-qualified lead is. Establish within your teleprospecting organization a definition and adhere to it religiously. At AG Salesworks we talk about having deep and relevant pain. You must be able to solve the issues within that organization and you've got to be able to talk to a decision maker. This prospect then needs to voice how much that pain is costing the company and how much the organization is willing to spend annu-ally to solve those pains. Then, you schedule an introductory conference call between the teleprospecting rep, the fully-qualified prospect and your sales representative or account manager. Have your teleprospecting rep on that call and have him or her introduce your sales rep as the expert that is still needed in this process. After that call, the sales team should then assume all responsibility for managing that relation-ship. But it's important that you define what a fully-qualified lead is, you stick to it and you make sure you're helping your salespeople by facilitating that first scheduled call that you book on their behalf.

Step 4. Closed Loop Feedback

While this process is good, it all falls apart if you don't have closed loop feed-back in place. If you don't find out three critical things from your sales rep about that first call, you could be in big trouble. Those three critical things are: Did the call occur? Was the qualification criteria valid? and Is there a logical next step in your sales process? A logical next step in your sales process is not a follow-up call in six months. It's an onsite in two weeks.

You want between 70 to 90 percent of the calls you book to occur. 90 to 100 percent of the information gathered needs to be validated. In our case, we leverage InsideSales.com from a call recording standpoint, so that we can

5 Steps to
Managing Your Pipeline

back that information up. And then on the next step in the process, 80-90 percent of the calls that occur with the information validated should have a logical next step. At AG we term that Stage 1 Pipeline.

Step 5. ROI Analysis

Now you've got to actually close the loop and figure out whether or not you're achieving ROI. There is a way early on in your teleprospecting campaign to figure out whether you're achieving ROI. In a 90 day period, for every Stage 1 Pipeline opportunity your teleprospecting team generates, assign your organization's average annual sales ticket or average deal value to that opportunity and total that up over time. At a minimum, in those first 90 days you need to see at least 50x of your teleprospecting investment in the form of that Stage 1 Pipeline. Over time you want over 50 percent of those leads converting to much deeper stages of your sales forecast. And ultimately you have to decide if there's an adequate amount of closed business to justify the expense.

Learn the Variables

Key Players

While there is a lot of data to go through, the variables themselves don't start with the data. They start with your key players. Recently we got our best salespeople in one room, and we were amazed with what we found. We had strayed a little bit, but after we dialed back the results went up again within a few days. You have to keep your eye on the ball and listen to your key players.

ANUM

Next you look at the data. What is a formula for a qualified lead? In the old days it was BANT. However, nowadays starting with the budget is like asking for W2s on the first date. It's not the appropriate way to qualify early on. DemandGen said in a 2010 research study for Genius that only 20 percent of companies even set annual budgets anymore by which

they make their purchase decisions. While you need to qualify for money, it should no longer be your first step. In the newer model, the ANUM model, you start with finding the person with authority to make the decision. Then comes need. The challenge your salespeople will face is most customers don't realize they need your product, so you have to educate. But believe me, if the need is strong enough, the urgency and

the money will appear. Don't fall for the common methodology of qualification I call the RANDUM model. In this model there is rarely any need, decision making, urgency or money built into the process at all. The ANUM model is the same methodology you should be using in your pipeline forecasting. If those elements are there, you have a way to manage your pipeline.

Budget
Authority
Need
Timing

Authority
Need
Urgency
Money

Rarely
Any
Need
Decision
Urgency
Money

Learn the Variables

Circle of Influence

Another critical model is the circle of influence. There are two little fields in a database we love. One's called Title Type/Level and Title Function. Title Type displays the level of this decision maker in his or her organization. Title Function describes his or her function or what hat he or she wears. Then there's what we call the circle of influence around these decision makers. Everyone around the decision maker has different needs. We recommend you take the time to find the messaging that works for these different levels and use it appropriately.

Primary Qualifiers

InsideSales.com applied this method, and our salespeople identified 12 primary qualifiers that would bring a 90 percent close rate. We've analyzed our own sweet spots, but what are yours? The only way you'll know is to ask your best salespeople.

Urgency

Now we'll move to urgency, which addresses where the customer is in this continuum. Do they even know you exist? That's awareness. That's what PR is for. Do they have interest? That's what Marketing is for. Have they figured out their need? That's what Business Development and Lead Gen and appointment setters are for. Are they committed to act? That's what Sales is for. Which stage are they in and can you move them along? You shouldn't be handing leads over to the sales guys that are still at the interest stage because interest is the counterfeit of need.

Trigger Events

Some of our favorite companies are InsideView and LinkedIn because both companies are great for finding trigger points. These would be events like hiring a new CMO. We want to know about these events in our potential clients. Are they hiring key players? Have they just taken money? Are they moving to a new location? Are they struggling? Miller-Heiman teaches us that there are two really important areas of motive that cause action. One is growth and the other is trouble. One of those has to be present if you want to cause a trigger event to occur with a buying decision.

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Seven Rules of Contact

7 Rules of Contact With Your Pipeline

The single biggest obstacle salespeople face is reaching and speaking with busy decision makers. Only 27 percent of leads ever get contacted. If you follow the next seven things I'm sharing with you, it is possible for you to contact 92 percent of your leads. That's a 3.4x increase in results from the same number of leads.

Immediacy

The average company responds to its web leads in 39 hours. A few years ago, it was 48 hours. Best practice is responding within five minutes, what we term immediacy. If you do so, the odds of making contact are 100x greater. The odds of qualifying that lead are 21x higher. That's not 21 percent higher, that's 21x higher. Now this is not just Internet leads. It works at tradeshows as well. My sales teams on the floor of the tradeshow set up appointments for the following week. If they can, they have appointments right there at the show. Do it, and do it now.

Persistency

The average number of phone calls a salesperson makes before he or she gives up is about 1.6. In reality, we need somewhere between 6 to 9 phone call attempts to make contact with a lead. I recommend six for outbound and nine for inbound response to web leads. At that point, your contact rate goes up to 90 percent. This is the level of value you will wring out of the calls if you stay persistent.

Optimal Call Times

This rule derives from a research study we did in conjunction with FranklinCovey. In this study, we found that sometimes it's better to wait before responding. In one example from the study the best time to respond was actually 3:30 pm the day after the lead came in. That produced the best results for that company. But you have to test on an individual company level to find out what works for you. Consider putting a field on your website that asks for the best time to

Seven Rules of Contact

call. Ask people when the best time to respond is, and they'll tell you.

Time of Day

In our Lead Response Management Study we found that the best times of the day to make contact with people are 8:00 in the morning or 4:00 to 5:00 in the afternoon. If you're holding your sales meetings at 8:00 in the morning, move them to lunchtime and your reps will get much higher contact ratios than they would otherwise.

Day of Week

Wednesdays and Thursdays are the best days to reach out if you want to contact people. Fridays are great for making contact but not for qualifying.

Direct Dial

If you're calling people by their main front desk number, you're probably not going to reach them. Really good sales-people learn that on that first round of calling they should research the direct dial phone number, and that means either a desk phone or a cell phone. The results are a big deal.

Caller ID

If I reach out to you from a blocked, toll free, or even a long-distance number, chances are you won't answer. But if I call you with a local phone number, the odds of you answering are 57.8 percent higher than with those other numbers. InsideSales.com has a product that's called LocalPresence that allows you to call with a local Caller ID. People want to deal with people nearby.

38%
Increase In Contact Rates

with

LocalPresence™

Have more conversations, not just dials

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Summary & Credits

When managing your pipeline, it's important to understand your metrics. How much work is actually needed to reach your goals? Once you know that, remember to focus on the problems and the people, not your products. Look at the whole ecosystem you are selling to, and know that most leads will need long-term nurturing. Define what a fully-qualified lead is, and have specific action items for each stage of an inbound lead. Find your best referral sources, and focus your efforts on them. Know what to do with your incoming leads, and create a way to score them. And, most importantly, take a step back and look at your strategy. Being aware of your current strategy and working to improve your pipeline management is crucial. The tools you use to get there are not.

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