Lead Lifecycle Management

Building a Pipeline that Never Leaks

July 2009

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Executive Summary

This report explores how Best-in-Class organizations holistically approach lead management and demand generation. The study highlights best practices from 223 organizations around the concept of Lead Lifecycle Management (LLM). This study is designed to help identify best practices in LLM by exploring the processes and practices Best-in-Class organizations leverage to extract more revenue from sales and marketing efforts.

Best-in-Class Performance

Aberdeen used three key performance criteria to distinguish Best-in-Class companies:

- Annual revenue: organizations that achieved the highest revenue growth between July 2008 and July 2009

- Total number of new leads: annual growth in the total number of new leads

- Bid-to-win ratio: the number of won deals over the total number of proposals or contracts that were delivered

Competitive Maturity Assessment

Survey results show that the firms enjoying Best-in-Class performance shared several common characteristics, including:

- 78% collaboratively worked to define the definition of a qualified lead, the buying cycle, and the sales cycle between the marketing and sales functions (versus 37% of Laggards)

- 49% rank opportunities by propensity to purchase in CRM (versus 14% of Laggards)

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies must:

- **Develop lead nurturing campaigns for existing customers.** Up-selling and cross-selling opportunities can be maximized with automated nurturing campaigns. Generally, sales opportunities from existing customers will be far more profitable than new customer acquisition.

- **Start measuring marketing's impact on the sales pipeline.** Track prospect behavior across multi-channel communications and use this to identify marketing influenced opportunities on the sales pipeline. Sixty-six percent (66%) of Best-in-Class companies can measure the number of open opportunities that result from marketing campaigns.

"Lead management [technology] is very important, but as with everything, it does not stand alone, nor is it something for just one department. True lead management is in line with all other marketing and sales programs (retention, loyalty, customer service), and all departments need to see the importance of their role in the whole chain."

~ Roger Van Der Veen, Marketing Manager, eVillage

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Chapter One:
Lead Lifecycle Management: Benchmarking Best-in-Class

Over 80% of B2B organizations struggle with a lack of synergy between the sales and marketing functions. This misalignment leads to lost revenue opportunities and leaks in the pipeline. In fact, in the November 2008 study, *Lead Nurturing: The Secret to Successful Lead Generation* Aberdeen surveyed 213 organizations and found that on average 16% of the total leads that are deemed "sales-ready opportunities" actually close. That's a fairly alarming number. The difference between a successful company and a mediocre company lies in how the remaining 84% of already qualified opportunities are handled. These are real opportunities that have a good chance of closing, but without processes to nurture and retain these prospects, it's easy for unrecognized revenue to slip through the pipeline.

The complexities of nurturing and driving sales opportunities across marketing, sales, and customer service demand a more structured approach to lead management; an approach that addresses every opportunity for an organization to collect revenue from prospects *and* customers.

What is Lead Lifecycle Management (LLM)?

Lead Lifecycle Management (LLM) takes a holistic view of demand generation. LLM creates a seamless flow between marketing, sales, and service to maximize the number of sales-ready opportunities; whether these come from newly acquired leads or existing customers (Figure 1).

Key Concept

Lead Lifecycle Management (LLM) creates a seamless flow between marketing, sales, and service to maximize the number of sales-ready opportunities; whether these come from newly acquired leads or existing customers.

Figure 1: Stages of Lead Lifecycle Management
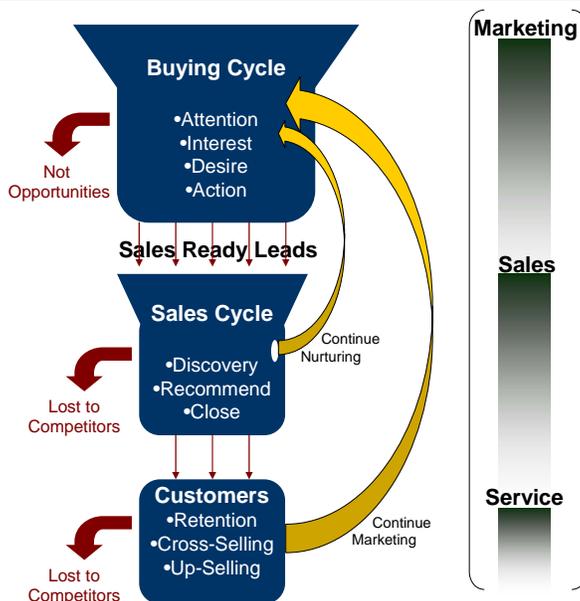
Source: Aberdeen Group, July 2009

Prior Aberdeen research underscored the disconnect between sales, marketing, and service in Industry Average and Laggard organizations. This misalignment is often a result of a lack of process, and it consistently leads to mediocre performance in revenue growth, lead conversion, and return on marketing investment. LLM is about creating purpose built, relevant, timely interactions with prospects and customers to seamlessly route them to the appropriate stage in the lead lifecycle. LLM captures opportunities that may have otherwise been neglected by sales or marketing and ensures an organization can truly harvest every possible opportunity both short and long term.

Figure 1 demonstrates a mock approach to LLM. It's important for organizations to start thinking about the entire customer experience from the time a lead becomes a prospect, to the time they are converted into what is hopefully a lifetime customer. Every organization will have a different process for routing leads within the lead lifecycle approach. Unfortunately, the research suggests very few organizations actually take the time to map out the full lead lifecycle process to identify inefficiencies and best practices within existing processes.

Why focus on Lead Lifecycle Management?

Sixty-two percent (62%) of respondents indicated that the need to increase top line revenue was the most significant pressure driving changes in demand generation processes. This pressure leads to an equal desire to improve lead to sales conversion rates (cited by 55% of all respondents) and more efficient lead management processes (Figure 2).

Figure 2: Top Pressures Causing Changes in Demand Generation Processes

All Respondents n=223

Source: Aberdeen Group, July 2009

"Overall, the [lead management technology] sector has a lot of value to provide it's customers. The sales team's main concern regarding lead scoring is missed deals stemming from a score that never hit the magic threshold. A lead development team is crucial for human review and intervention of prospects hovering near the threshold or showing a recent burst of activity."

~ Carlos Vidal, Sales Manager

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Technology as a Key Enabler to LLM

Technology is playing a crucial role in aligning sales and marketing in B2B organizations. The May 2008 study, *Lead Scoring and Prioritization: The Path to Higher Conversion*, revealed that top performing organizations were two-times more likely than all other companies (all others) to leverage a lead management technology. Integration between lead management and CRM has become a key enabler for the Best-in-Class because data is democratized and delivered to the sales and marketing functions in the vehicles they are most accustomed to using; CRM (for sales) and marketing automation tools (for marketing).

Lead management technology has surpassed the early adopter phase and is now starting to move into the growth phase in maturity and adoption. Technology is highly relevant because it is a key enabler for LLM processes. Lead management tools can help standardize processes and automate multi-channel customer engagement. In the past, it simply wasn't feasible to manage lead lifecycle phases manually and organizations that tried often failed in a tangled web of difficult to measure, unpredictable marketing programs. But today, lead nurturing and customer segmentation can be enhanced with technology, making the concept of LLM both attainable and useful for the average B2B organization.

The Maturity Class Framework

Aberdeen used the following three key performance criteria to distinguish the Best-in-Class from Industry Average and Laggard organizations:

- Annual revenue: organizations achieved the highest revenue growth between July 2008 and July 2009. During a period of economic recession, what are Best-in-Class organizations doing differently?

- Total number of new leads: all organizations placed increasing importance on customer acquisition in 2009 over concerns that economic conditions would narrow the top of the funnel. How do the Best-in-Class increase the number of leads in a recession?

- Bid-to-win ratio: this is measured in terms of the number of won deals over the total number of proposals or contracts that were delivered. A higher percentage demonstrates organizations that have a higher chance of closing deals. Do the Best-in-Class have superior marketing? Are Best-in-Class sales functions superior?

Table 1: Top Performers Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	▪ 35% average year over year increase in annual revenue ▪ 34% annual increase in the total number of new leads ▪ 36% current bid-to-win ratio

Definition of Maturity Class	Mean Class Performance
Industry Average: Middle 50% of aggregate performance scorers	▪ 18% average year over year increase in annual revenue ▪ 13% annual increase in the total number of new leads ▪ 10% current bid-to-win ratio
Laggard: Bottom 30% of aggregate performance scorers	▪ 6% average year over year increase in annual revenue ▪ 19% annual decrease in the total number of new leads ▪ 5% current bid-to-win ratio

Source: Aberdeen Group, July 2009

The Best-in-Class PACE Model

Using LLM to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies, as shown in Table 2.

Table 2: The Best-in-Class PACE Framework

Pressures	Actions	Capabilities	Enablers
▪ Need to increase top line revenue	▪ Segment and target more effectively ▪ Increase the number of sales-ready leads	▪ Marketing and sales collaboratively defined what constitutes a 'sales-ready' lead ▪ Ability to measure the number of open opportunities that result from marketing campaigns ▪ Opportunities are ranked by propensity to purchase in CRM	▪ Automated demand generation technology ▪ Marketing campaign management ▪ Landing page tools ▪ Email marketing ▪ CRM

Source: Aberdeen Group, July 2009

Best-in-Class Strategies

Before identifying specific capabilities that Best-in-Class organizations possess to achieve superior performance, it's important to identify differences in the strategies the Best-in-Class pursue to mitigate top pressures (the need to increase revenue). Segmentation has emerged as a key Best-in-Class enabler for delivering higher return on marketing investments (Figure 3).

Figure 3: Top Strategies for Improving Lead Management
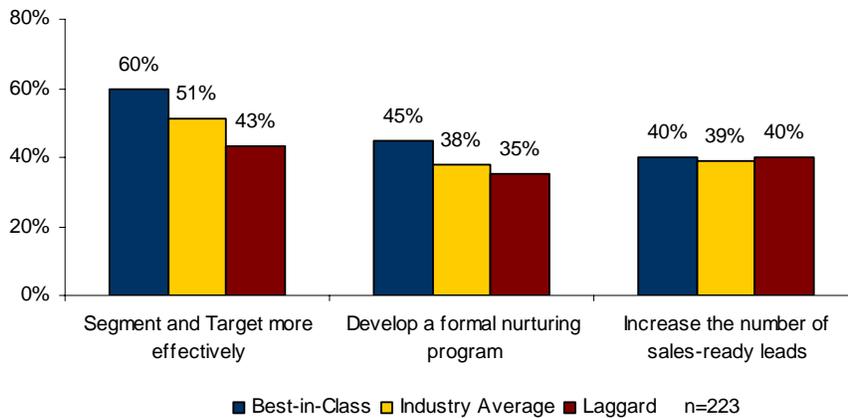
Source: Aberdeen Group, July 2009

The Best-in-Class are more likely to segment and target their customer database and most importantly use this segmentation in nurturing campaigns. It's important to note that the Best-in-Class don't just deploy *lead* nurturing campaigns; they have formal "nurturing programs." Lead nurturing focuses on the front of the funnel, but nurturing campaigns can be used to drive revenue in cross-selling and up-selling from existing customers. In other words, the Best-in-Class leverage a number of nurturing campaigns that are uniquely designed to:

- Nurture new leads

- Educate prospects that are aware of the company and looking for more information before they talk to sales

- Nurture leads that may have been engaged by sales, but for whatever reason are no longer an active prospect

- Cross-sell and up-sell existing customers

The LLM concept is important because organizations need to think about all the different situations in which prospects or customers might require additional marketing before they make a purchase; each situation requires a unique nurturing program. Without a LLM process across marketing, sales, and customer service, organizations may be foregoing real revenue opportunities. Lead nurturing can and should be used to move prospects *and* customers through the buying cycle. Technology can help automate customer engagement in the aforementioned bullets, but the strategy and marketing messages that are incorporated into each program must be unique. A nurturing campaign for a prospect that has already talked with sales requires a different strategy than a prospect that isn't aware the products the organization is selling.

Aberdeen Insights — Strategy

The research suggests that the concept of Lead Lifecycle Management (LLM) isn't necessarily something Best-in-Class organizations associate with their lead management processes or strategies. However, Best-in-Class companies are twice as likely as all other organizations to have processes in place to route prospects and customers to different stages in the buying cycle or sales cycle; regardless of whether or not the opportunity is a new prospect or an existing customer.

The research uncovered three critical components that are incorporated into Best-in-Class lead management processes. This "trifecta" of strategies and capabilities empower Best-in-Class sales and marketing functions to maximize revenue and generate far more leads than all other organizations (Figure 4).

Figure 4: Key Capabilities for Successful LLM

Percentage of Respondents Currently Using

Lead Nurturing
100%
70%
33%
0%
36%
47%
91%
77%
Lead Scoring
Segmentation and Targeting
■ Best-in-Class ■ All Others   n=223
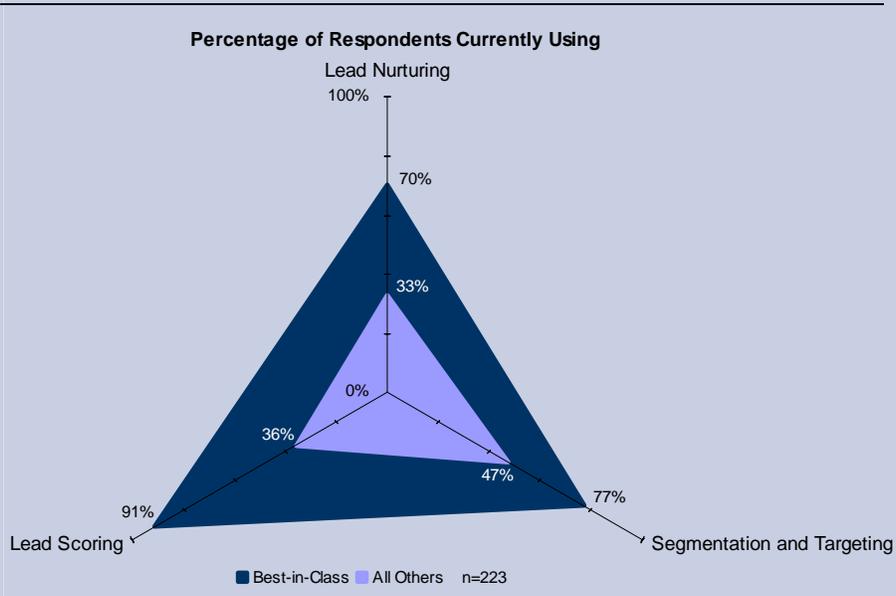
Source: Aberdeen Group, July 2009

Figure 4 demonstrates some of the unique differences between Best-in-Class and all other organizations. Best-in-Class companies segment and target their customer database and use lead scoring to identify how opportunities should be marketed to, and more importantly exactly when they should be talking to sales.

"In general I am content with our current lead management process. Lead management is like SEO, your never done, there are always levers you're pulling to try and get more insight or automate manual processes. It is definitely worth thinking of lead management as a process and not a product."

~ Christopher Bartik, Director of Marketing

Chapter Two:
Benchmarking Requirements for Success

Barriers to Lead Lifecycle Management

Yogi Berra once said, "In theory, there's no difference between theory and practice, but in practice there is." LLM is actually a pretty simple concept in theory; but in practice, organizations are inundated with a plethora of challenges. Figure 5 shows some of the most notable barriers to adopting a lead lifecycle management process.

Figure 5: Top Barriers to Managing LLM (choose all that apply)
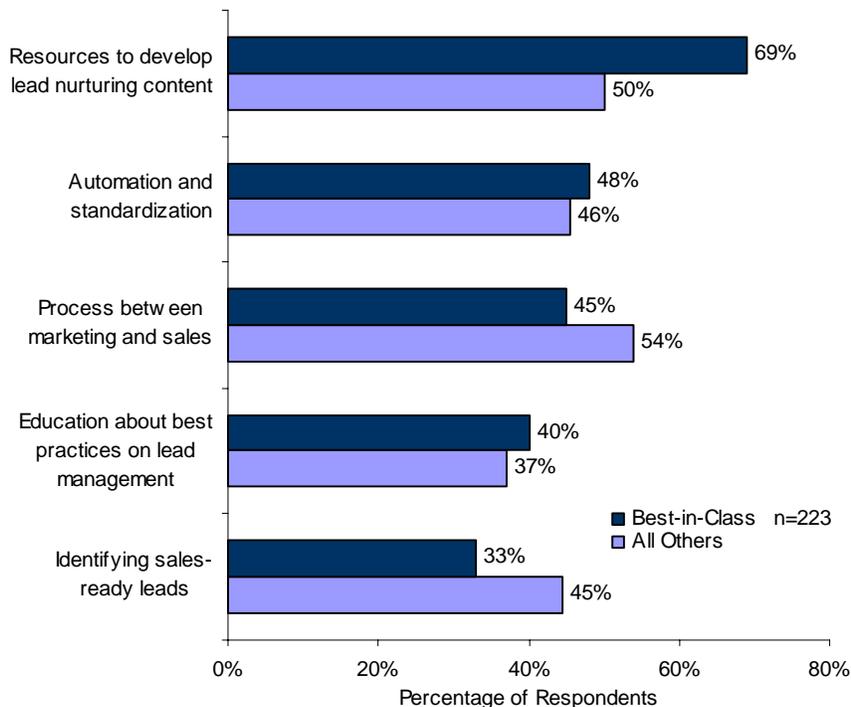
Source: Aberdeen Group, July 2009

The data reveals some key differences between Best-in-Class organizations and all others. Identifying sales-ready leads was not a significant barrier for Best-in-Class organizations; but, for all others, it's a top three challenge. Misalignment between sales and marketing presents a significant barrier for 54% of all others organizations where cumbersome manual processes prevent opportunities from smoothly transitioning from lead to sale. Seventy percent (70%) of Best-in-Class use nurturing programs, which are used to catch opportunities that drop through the pipeline. While the Best-in-Class struggle with having enough resources to develop nurturing

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Fast Facts

√ 56% of all respondents incorporated landing pages in marketing campaigns

√ The Best-in-Class are 1.5-times more likely than all others to purchase third-party lists for demand generation efforts. Remember, the Best-in-Class are also two-times more likely to segment and target. If you know who you are going after and why, lists can be a valuable tool to target prospects with relevant messaging.

programs, all other companies are still struggling to implement nurturing programs altogether (33% of all other organizations nurture opportunities).

Anatomy of a Best-in-Class Organization

All respondents were asked to rank their organizations current capabilities with respect to demand generation and lead management processes, technologies, and tactics on a scale of one to five (where 5= currently able and 1= capability does not exist in the organization). Table 3 demonstrates average rankings for some of the most notable capabilities that contribute to Best-in-Class performance.

Table 3: Average Rating: Current Capabilities (5 = currently able ⇔ 1 = capability does not exist in the organization)

Capability	Average Rating	
	Best-in-Class	All Others
Track online behavior on an individual prospect basis	4.0	3.1
Determine when leads are truly sales-ready	3.8	2.9
Prioritize leads that are passed to sales	3.7	3.3
Align marketing content to buying cycle	3.6	2.8
Track online behavior on an individual prospect basis	3.5	3.1
Deliver marketing content at specific stages in buying cycle	3.4	2.9
Score leads based on behavior	3.0	2.5

Source: Aberdeen Group, July 2009

Notice the significant variances between Best-in-Class and all other organizations. The research makes it abundantly clear that Best-in-Class organizations have a deeper understanding of the lead lifecycle and can map marketing content to various stages based on prospect behavior.

Case Study — Workforce Software

WorkForce Software Inc. is a leading manufacturer of complex workforce policy and compliance management solutions. Automating interactions between an employer and its work force results in lower payroll processing costs, compliance with state and federal regulations, and increased productivity and employee satisfaction. WorkForce Software targets prospects with a widely variety of business titles, ranging from chief financial officer to payroll director to VP of HR. Because similar job functions have different titles depending on the industry, WorkForce Software had trouble qualifying leads that entered the marketing queue through its web site.

"After reviewing our lead-generation process, we saw a huge gap in our knowledge about the readiness of prospects in terms of budget, buying intention, business challenges and timeline," said Bob Gallagher, Vice President of Marketing, WorkForce Software. "Due to the nature of our products and the vastly different buyers we do business with, it was critical to get these prospects engaged with our marketing programs on a mass-quantity level and start collecting the information needed to efficiently uncover a growing number of well-defined opportunities. We made the decision to look at marketing automation solutions to help achieve this goal."

WorkForce Software implemented an automated demand generation solution with scoring, nurturing, and campaign management capabilities. The solution helps manage the entire lead lifecycle by capturing behavioral and demographic information early on in the buying cycle. As prospects consume information online, download whitepapers, and attend webinars, the solution assigns a "score" which helps prioritize exactly which prospects should be routed to the CRM database and when. WorkForce Software requires all its prospects to sign up for a WorkForce account in order to download premium content or participate in its marketing programs, such as a Webinar.

"Workforce Software offers premium content as part of our marketing programs. We believed that people seeking to consume our premium content through our marketing programs would be willing to provide us with information in exchange," said Charles Kim, Direct Mail Manager for WorkForce Software.

continued

Case Study — Workforce Software

The solution has survey capabilities that allow WorkForce Software to ask prospects several qualifying questions at sign-up, such as the type of system currently being used and the size of the organization, as well as follow up questions over time as additional premium content (e.g. white papers) is requested, thereby collecting important qualification information about its leads. The fields and information are readily available to the sales team via Salesforce.com.

Within 60 days, WorkForce Software was able to completely reengineer its lead qualification process using automated technology so that incoming leads are providing valuable, self reported information that is ultimately turning into more sales opportunities.

"Our marketing efforts are focused on efficiently uncovering a growing number of well defined opportunities," said Gallagher. "We are seeing improved productivity and a dramatic year over year increase in opportunities."

Through a combination of email campaigns, and an increased investment in pay-per-click advertising, WorkForce Software experienced a four-times increase in the number of "contact us" and "demonstration request" leads coming in through web site. "Normally this type of increase would have overwhelmed sales," Gallagher said. "However, now that we have put structure around how to identify quality leads, we can segment those leads by the information gathered during the lead-qualification process. Sales only acts on qualified leads sent to them via the Salesforce.com integration, which is saving both time and valuable resources."

Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure its results to improve its business). These characteristics (identified in Table 4) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

Table 4: The Competitive Framework

	Best-in-Class	Average	Laggards
Process	Opportunities are ranked by propensity to purchase in CRM		
	49%	38%	14%
Organization	Marketing and sales collaboratively defined what constitutes a 'sales-ready' lead		
	78%	47%	37%
Knowledge	Automated tool to collect feedback from sales (CRM, Lead Management, etc.)		
	56%	43%	31%
	Ability to measure the number of open opportunities that result from marketing campaigns		
	66%	47%	37%
Technology	Technology used to support the lead lifecycle:		
	▪ 88% email marketing ▪ 80% CRM ▪ 76% segmentation and targeting ▪ 61% lead management and CRM integration 52% lead management dashboard ▪ 91% lead scoring	▪ 77% email marketing ▪ 74% CRM ▪ 50% segmentation and targeting ▪ 50% lead management and CRM integration 43% lead management dashboard ▪ 41% lead scoring	▪ 64% email marketing ▪ 70% CRM ▪ 61% segmentation and targeting ▪ 23% lead management and CRM integration 34% lead management dashboard ▪ 32% lead scoring
Performance	Organizations also displayed the following performance in other key metrics:		
	▪ 78% return on marketing investment ▪ 8% lead to sales conversion ▪ 12% increase in response rates	▪ 45% return on marketing investment ▪ 3% lead to sales conversion ▪ 7% increase in response rates	▪ 38% return on marketing investment ▪ 1% lead to sales conversion ▪ 11% decrease in response rates

Source: Aberdeen Group, July 2009

> "We're making incremental improvements in our use of technology to both automate and measure our lead process. The part we're really working at now is using that data to make improvements and better decisions about strategy and tactics."
>
> ~ Jonathan Goodman, EVP Business Development, Fisher Vista, Publishing / Media

Capabilities and Enablers

Based on the findings of the Competitive Framework and interviews with end users, Aberdeen's analysis of the Best-in-Class shows how superior performing organizations leverage a combination of process, organization,

knowledge management, performance measurement, and technology enablers to maintain a competitive advantage.

Process

LLM is about building a more efficient process for managing opportunities. According to research conducted in 2008, approximately 28% of opportunities that are deemed sales ready are never followed up on by sales. It's unrealistic to assume sales will follow-up on 100% of marketing leads, especially if leads are not prioritized by propensity to purchase. But this is why process is critical to Best-in-Class lead generation efforts. Seventy-percent (70%) of Best-in-Class organizations harvest their marketing efforts by consistently nurturing potential opportunities until they can identify whether or not the opportunity is truly a sales-ready lead, or not an opportunity at all. This helps sales focus finite resources on real opportunities.

Sales and marketing must have formalized processes in place to distribute leads from marketing to sales, and when appropriate from sales back to marketing. This is most effectively handled through CRM and lead management integration. Reps can enter CRM to view valuable information on account activity, prioritize outreach, and contribute input to their experience based on one-to-one interactions with prospects. Twenty-two percent (22%) of Best-in-Class organizations currently allow sales reps to distribute leads back to marketing from CRM, but 43% plan to use this capability in the future.

Organization

Sales and marketing alignment is critical to implementing a LLM approach. This starts with a formal understanding of the customer buying cycle and the sales cycle. Seventy-eight percent (78%) of the Best-in-Class indicated all members of the sales and marketing functions share a common understanding of these cycles. Organizations that have dedicated human resources to manage or own interaction between sales and marketing also tend to achieve higher performance. This may be hard to justify given the need for additional headcount, but having an individual to help manage sales and marketing effectiveness can pay off in dividends through increased efficiency and higher revenue. This dedicated resource should be devoted to aligning sales and marketing, and should have executive level support to dictate any changes that need to be made to optimize alignment.

Knowledge Management

Internal feedback from both sales and marketing is critical to identifying deficiencies in the demand generation process. Fifty-six percent (56%) of Best-in-Class organizations collect and leverage feedback from sales to help optimize lead management efforts. Organizations also need to develop and maintain content that maps to each stage in a prospects buying cycle; 85% of Best-in-Class versus 22% of all others have this capability. Generic content is not nearly as effective as purpose driven relevant interactions. The Best-in-

Class are five-times more likely to store a knowledge base of collateral, copy, and messages that map to their prospects buying stages.

Technology

There are three fundamental differences between Best-in-Class and all other organizations that give the Best-in-Class a competitive advantage with respect to demand generation. The Best-in-Class are more likely to: nurture leads, score leads, and segment / target leads. These capabilities are automated and streamlined with technology. But, technology automation is only as good as the processes that are automated. As a result, organizations should expect to enhance technology through the aforementioned capabilities (knowledge management, process, and organizational capabilities) rather than expect the technology to somehow deliver better processes, organizational culture, and knowledge management capabilities.

Case Study — Transplace

Transplace is a non-asset based third-party logistics provider offering logistics technology and transportation management services. Transplace logistics technology is used to design, optimize, and manage complex supply chains, serving a large and rapidly growing client base of more than 500 manufacturers, retailers, and food and beverage companies.

In 2008, Transplace evaluated its lead acquisition process to determine if a lead management solution would help increase lead to sales conversion rates. "Our typical sales cycle is very lengthy and could be from four to six months and in some cases 18 months," said Bill Hale, VP of Marketing. But a recent focus on SMB meant the lead management process would have to be flexible enough to address a wide variety of cycle times. "SMBs typically have shorter cycle times for us," Hale explained. The old process involved sending out mass emails which were followed up on by a pre-sales business development. If a prospect showed interest, the business development team would qualify the opportunity and pass it to sales. "We were really looking for a more efficient way," said Hale.

Lead management helped automate the flow of leads from initial marketing touch to the time they were passed to sales. Hale continued, "The initial result was fantastic. Before, we weren't applying any scoring mechanism to the leads. We would send out a mass market email to about 1,000 people and follow up with all the one's that made contact with us; this could be hundreds. It was really a lackadaisical approach to a situation that really needed a defined process. Marketing automation allows us to narrow down every possible opportunity so that each time a prospect takes a step, we apply a score. Now we can focus on making 125 meaningful phone calls." Transplace measures success by conversion because longer sales cycles make it more difficult to measure close rates. Bill indicated that the new process lead to double the conversion rates on qualified opportunities in the first month.

In the context of LLM, the Best-in-Class are using technology to enhance their ability to route leads throughout the lead lifecycle. the Best-in-Class are two times more likely than all others to leverage demand generation or lead management technology. It's important to note, not all organizations that score and prioritize leads leverage technology to qualify prospects. In many cases, lead scoring is more a function of process, which the Best-in-Class demonstrate an aptitude for leveraging along with supporting technologies. The data reveals that the Best-in-Class spend an inordinate amount of resources learning about their customers and prospects, whether it's through a customer profile database, lead management tool, segmentation and targeting, web analytics, email marketing, or other marketing channels. The clear trend in the data indicates that the Best-in-Class are far more likely to leverage the holistic sources of customer interaction within the organization to drive more intimate interactions across marketing and sales.

Performance Management

The Best-in-Class measure and monitor performance to consistently optimize lead management. Both sales and marketing take ownership of qualifying and converting leads. Best-in-Class companies achieve higher performance because they leverage the otherwise siloed data within the sales and marketing functions to optimize lead management and deliver superior performance. The Best-in-Class are twice as likely as all other organizations to tie sales performance back to marketing campaigns for actionable metrics regarding closed deals. This means Best-in-Class companies are able to monitor and optimize lead scoring through constant measurement. Additionally, 64% of the Best-in-Class review pipeline reports with sales *and* marketing on a weekly or bi-weekly basis (versus 40% of Laggards). Best-in-Class sales and marketing functions drive effectiveness through performance measurement.

Aberdeen Insights — Technology and LLM

As previously stated, technology should be used to automate how and when leads are routed to different stages in the lead lifecycle. The following features / functions can be used to address some of the most basic components to LLM.

Automated Nurturing Campaigns
- Lead management solutions can help automate marketing campaigns based on the type of opportunity (new lead, nurtured lead, and existing customer).

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Aberdeen Insights — Technology and LLM

- Technology allows organizations to quickly isolate key industries, company sizes, and roles so marketers can target these segments with greater accuracy. Nurturing requires some up front resources to develop the content, but technology can help automate the customer engagement components to maximize marketing's influence on the sales pipeline.

Automated Lead Scoring

- Eighty-two percent (82%) of Best-in-Class organizations use customer behavior to map the most appropriate interactions with prospects and customers. Lead scoring can help identify a prospects propensity to purchase based on interactions across multiple marketing channels.

- Scoring methodologies can be created to route leads into a series of pre-configured marketing campaigns. This can be completely automated and personalized so a new prospect receives a series of whitepapers before ever receiving a call from sales or, in contrast, an existing customer that's poking around on the website can be immediately identified as a cross-sell or up-sell opportunity in the CRM database.

Automated Democratization of Data

- A lack of accountability and performance measurement are typically the core challenges facing misaligned sales and marketing functions. Technology can help cross-pollinate CRM and marketing automation with information that both functions need to operate at peak performance.

- Performance reviews can become a collaborative discussion about ways to improve rather than discussions about discrepancies in performance measurements or who is to blame for a lack of performance.

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Chapter Three:
Required Actions

Whether a company is trying to move its performance in lead management from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

Laggard Steps to Success

- **Consider a lead management technology to mitigate the challenges of managing leads across marketing, sales, and services.** Aberdeen research shows that only 8% of sales-ready opportunities in Laggard companies actually close, that's half the average of all respondents. This is a good indication that sales and marketing processes are not isolating true sales-ready leads, or, sales and marketing are misaligned. Without automation, it's difficult to manually identify opportunities that may slip through the pipeline; many times these are still real revenue generating opportunities, but they require a longer sales cycle. Best-in-Class organizations use technology to add formalized structure to how and when leads are passed from marketing to sales, and sales back to marketing.

- **Increase performance with lead nurturing campaigns.** One of the benefits derived from lead management processes and lead scoring models is the ability to nurture prospects or customers who are not ready to purchase. Many organizations overlook the strategic value of measuring conversion rates from nurturing campaigns. Laggards can continue to extract measurable value from existing customers and prospects by developing initiatives to enhance conversion from nurturing campaigns through cross-selling and up-selling initiatives.

- **Start segmenting and targeting customers.** Laggard organizations are equally as likely as Best-in-Class to use light personalization techniques in outgoing email campaigns (personalizing with a name in the salutation). The research proves that even simple segmentation of lists leads to higher performance in click-through rates, open rates (with effective subject lines), and conversion rates. Segmentation does not have to involve advanced criteria or even a highly robust customer database. Laggards can improve marketing campaign performance today, by simply segmenting their lists based on demographic region, products purchased, or other attributes that already exist within the CRM or marketing database. Couple this with a lead scoring approach that automates customer engagement based on behavior, and performance increases are unavoidable.

Fast Facts

√ 81% of Best-in-Class used lead management tools. 42% of Laggards used lead management but 33% plan to in the next two years.

√ 36% of Best-in-Class use BI tools for marketing, versus 13% of all others.

Industry Average Steps to Success

- **Move beyond a lead nurturing approach and leverage multi-campaign programmatic nurturing**. The Best-in-Class are 1.7-times more likely than the Industry Average to leverage a full nurturing program over one or two standardized lead nurturing campaigns. Nurturing isn't just for new leads. The LLM approach encourages organizations to consider the source of all revenue generating opportunities. Nurturing programs must be set up to address a few critical categories of opportunities:

    o   New customer leads

    o   Leads that have been engaged by sales but did not purchase and have not purchased from a competitor yet

    o   Up-sell and cross-sell opportunities with existing customers

- **Sales and marketing should be meeting on a periodic basis to review successes and failures.** Alignment means both functions are working as a team, so if processes or practices are not yielding expected results, something needs to change. Seventy-three percent (73%) of superior performing organizations sales and marketing departments meet periodically to review performance. Both functions need to be open to feedback about what might work better in the future, and ways they can help each other be more effective. Marketers can learn a lot about how to develop more impactful marketing materials from a simple conversation with sales, and sales leaders must understand how marketers are positioning the products and services in the market.

Best-in-Class Steps to Success

- **Formalize the concept of LLM in the organization.** The Best-in-Class demonstrate more than an aptitude for taking a programmatic approach to lead management. The capabilities within Best-in-Class organizations are building blocks for a LLM approach to lead management. Today, very few organizations map out all the different interactions between a new lead to conversion into a lifetime customer. A deeper understanding can help the entire organization think collectively about the customer experience and how to maximize revenue opportunities whether they are from a new lead or an existing customer.

- **Allow sales to pass leads back to marketing for future nurturing**. If sales and marking are aligned, then there needs to be a way to pass leads seamlessly between both functions. Sales need to be able to pass leads back to marketing for further nurturing if an opportunity in the pipeline suddenly goes cold. Marketing needs to develop separate lead nurturing programs to address the unique needs of a pre-qualified leads that are not yet ready to purchase. These are real revenue opportunities that all too often fail to be

"Lead scoring only works if the sales reps actually follow it. Even if the Sales VP and Marketing VP agree, if it's not implemented by sales reps then it has no value."

~ Director of Marketing,
Software

harvested by organizations. Twenty-two percent (22%) of Best-in-Class organizations currently allow sales reps to distribute leads back to marketing from CRM, but 43% plan to use this capability in the future.

Aberdeen Insights — Summary

Lead Lifecycle Management (LLM) is about binding together marketing, sales, and service to maximize the number of sales-ready opportunities; whether these come from newly acquired leads or existing customers. If only 16% of sales-ready opportunities close in the average organization, there are still incredible opportunities for performance improvements in all organizations. Best-in-Class companies achieved the highest revenue, highest increases in new leads, and the highest bid-to-win ratios and they have robust processes to address leaks in the pipeline across marketing, sales, and service. The research shows that all organizations still view LLM as more of a concept (versus a formalized strategy), but Best-in-Class organizations are starting to take the fundamental building blocks (lead nurturing, lead scoring, segmentation, etc.) of LLM processes to ensure every revenue opportunity is pursued.

All too often, organizations focus lead management efforts on the front of the funnel with laser-like focus on new customer acquisition. But, the Best-in-Class demonstrate an aptitude for recognizing the value of existing customers and have developed nurturing programs that map to all stages of the lead lifecycle. Ultimately, LLM is an emerging concept that can help every organization identify opportunities and harvest the full potential from marketing and sales efforts.

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Appendix A:
Research Methodology

In July 2009, Aberdeen examined the use, the experiences, and the intentions of 223 enterprises with respect to lead management processes and capabilities.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on lead management strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: marketing (56%), sales (23%), other (21%); senior management (35%), and director / manager (65%).

- *Industry:* The research sample included respondents from: software / hardware (42%), IT consulting (12%), finance and banking (4%), and other industries (42%).

- *Geography:* The majority of respondents (74%) were from North America. Remaining respondents were from the Asia-Pacific region (10%) and Europe (17%).

- *Company size:* Fifteen percent (15%) of respondents were from large enterprises (annual revenues above US $1 billion); 27% were from midsize enterprises (annual revenues between $50 million and $1 billion); and 58% of respondents were from small businesses (annual revenues of $50 million or less).

- *Headcount:* Twenty-four percent (24%) of respondents were from large enterprises (headcount greater than 1,000 employees); 43% were from midsize enterprises (headcount between 100 and 999 employees); and 33% of respondents were from small businesses (headcount between 1 and 99 employees).

Study Focus

Responding executives completed an online survey that included questions designed to determine the following:

√ The degree to which lead management is deployed in their organization

√ The structure and effectiveness of prospect and customer management from cash to close.

√ Current and planned use of lead management technology

The study aimed to identify emerging best practices for the concept of lead lifecycle management and to provide a framework by which readers could assess their own management capabilities.

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Table 5: The PACE Framework Key

Overview
Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows: **Pressures —** external forces that impact an organization's market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive) **Actions —** the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy) **Capabilities —** the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing) **Enablers —** the key functionality of technology solutions required to support the organization's enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, July 2009

Table 6: The Competitive Framework Key

Overview	
The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance: **Best-in-Class (20%) —** Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance. **Industry Average (50%) —** Practices that represent the average or norm, and result in average industry performance. **Laggards (30%) —** Practices that are significantly behind the average of the industry, and result in below average performance.	In the following categories: **Process —** What is the scope of process standardization? What is the efficiency and effectiveness of this process? **Organization —** How is your company currently organized to manage and optimize this particular process? **Knowledge —** What visibility do you have into key data and intelligence required to manage this process? **Technology —** What level of automation have you used to support this process? How is this automation integrated and aligned? **Performance —** What do you measure? How frequently? What's your actual performance?

Source: Aberdeen Group, July 2009

Table 7: The Relationship Between PACE and the Competitive Framework

PACE and the Competitive Framework – How They Interact
Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.

Source: Aberdeen Group, July 2009

Appendix B:
Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- Marketing Automation: A Strategic Guide for Optimizing End-To-End Marketing Activities; April 2009

- The ROI on Customer Feedback: Why it Pays to Listen to the Voice of the Customer; April 2009

- The ROI on Social Media Marketing: Why it Pays to Drive Word of Mouth; February 2009

- Recessionary Marketing: How Best-in-Class Companies are Weathering the Storm; January 2009

- Trigger Marketing: Timing is Everything; November 2008

- Lead Nurturing: The Secret to Successful Lead Generation; November 2008

- Cross-Channel Campaign Management: Next Generation Multichannel Marketing; October 2008

- Customer Feedback Management; July 2008

- Lead Scoring and Prioritization: The Path to Higher Conversion; May 2008

Information on these and any other Aberdeen publications can be found at www.aberdeen.com.

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