The Grande Guide to

# Lead Scoring

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## What's a "Grande Guide"?

> We know what the typical day is like for marketers. After all, we are marketers ourselves. Between brainstorming and strategy sessions, last-minute requests and impromptu meetings ("It'll just take a minute, really!"), and trips to meet customers, you can barely find time to breathe, never mind keep up with the latest marketing trends. That's why we've developed the Grande Guide series. In the time it takes you to drink a cup of coffee, you can become proficient in a key marketing topic, in this case, lead scoring.

## What is Lead Scoring?

> Lead scoring is an objective ranking of one sales lead against another. This not only helps align the right follow-up to the corresponding inquiry, it also helps marketing and sales professionals identify where each prospect is in the buying process.

> The process of defining lead scores improves alignment and collaboration between marketing and sales teams. After all, by jointly establishing an objective definition of a quality lead, sales and marketing can exchange better feedback on the quality of leads being passed to sales. Plus, lead scoring helps ensure the best leads are followed up on immediately by prioritizing leads according to revenue potential and buyer readiness.

## Why Lead Scoring Matters Today

> Doing more with less has become a corporate mantra – and its rippling effects are felt at all levels of an organization. Consider the demand generated by your marketing group. How do you send all those leads to sales? Most marketing organizations simply hand-off a huge list of names, or upload them to the sales database, then sit back and expect sales to call them all. After a few calls, most salespeople give up, deriding the leads as "junk." And so the finger pointing begins.

> This kind of interaction is counter-productive and causes enormous inefficiencies across the organization's revenue-bearing teams. It can put enormous strain on sales productivity. As your sales reps work furiously to stay afloat, they're becoming inefficient in their daily tasks … undermining the goal of doing more with less.

**According to Aberdeen Research, companies that get lead scoring right have a 192% higher average lead qualification rate than those that do not.**

| Performance Metrics | Average Performance | |
|---|---|---|
| | Best-in-class | All others |
| Lead qualification rate | 35% | 22% |
| Forcast accuracy | 32% | 21% |
| Marketing effectiveness | 31% | 21% |
| Sales effectiveness | 30% | 15% |
| Lead conversion rate | 28% | 19% |
| Response rate | 27% | 20% |
| Pipeline thickness | 27% | 12% |

**An Aberdeen survey measured the change in key metrics after implementing lead scoring. Best-in-class companies are those that reported, on average, the highest increases in revenue growth, lead conversion rates and decrease in cost per lead.**

***Source: Aberdeen Group, Lead Scoring and Prioritization.***

> In the meantime, dozens of hot leads – legitimate opportunities – are being thrown away simply because they're on the bottom of the pile of "junk" leads.

> With fewer deals available, your sales reps need every advantage to get in front of active opportunities first, and develop latent opportunities earlier than the competition. To do that, they need to be working with prioritized leads.

Lead scoring enables organizations to move lead prioritization from a largely subjective process, to an analytical, scientific approach that can be managed easily and cost-effectively.

> You can help direct the efforts of the sales team in the most efficient and cost-effective way through lead scoring, which prioritizes leads based on prospects' profile fit and level of interest.

> But the benefits don't end there. The concept of scoring can be applied throughout the integrated sales and marketing funnel. Forward-thinking companies are applying scoring algorithms to account scoring, opportunity scoring, and other stages in the buyer's journey. As a result, they're able to focus their efforts where they're bound to see the most bang for their buck.

## Why Do I Need to Understand Lead Scoring Personally?

> It's a no-brainer: the more you as a marketer can be tied to any revenue-related activity, the more valuable you are to your organization. Lead scoring fosters better relations between sales and marketing because it allows both teams to work more efficiently and improve close rates – both of which increase revenue. Not only does lead scoring help sales zero in on the most promising leads, it provides an objective measure of which prospects need further nurturing, enabling marketing to intelligently concentrate its efforts.

## Why Does My Business Need to Understand Lead Scoring?

> Lead scoring is more than just a means for ranking leads. It is a contract between sales and marketing. It's a mutually agreed-upon process for defining lead quality, sales follow-up, and cross-departmental collaboration. The act of collaboratively developing a lead scoring model helps your marketing and sales teams arrive at a common definition of a truly hot lead. Plus it enables your organization to develop a system for ranking that prioritizes quality interactions or activities that demonstrate high prospect interest.

> With a clear definition of what constitutes a priority lead, the discussion can then progress to which leads should be passed from marketing to sales, and which should be nurtured further. When leads sent to sales have an objective quality rating, it becomes easier to measure how good your sales team is at engaging prospects and closing business.

> Moreover, an established lead-scoring practice gives you greater control of your pipeline. The better you measure and know the quality of your leads, the more predictable your pipeline and revenue forecasts become. It become easier to see projected shortfalls in revenue by territory, product line or business unit. This allows marketing and sales teams to react appropriately by focusing resources where they will have the biggest impact.

### Lead Scoring Basics

> The overall goal of lead scoring is to look at your leads and understand whether they are the right person (explicit scoring) and/or are showing the right level of interest (implicit scoring). With this information, you can treat leads accordingly.

> The key to effective lead scoring is formulating a way to capture information, score it, and measure it. Winning approaches address the three areas of people, process, and technology. In the people area, you need an executive-level champion and sales involvement. For the process portion, marketing and sales needs to agree on the definition of a lead and how leads will be handed off from marketing to sales. When it comes to technology, you need software that can capture information, facilitate lead handoff, and process feedback.

**Two Reasons for Lead Scoring**

> In a study of 10 B2B organizations using lead scoring systems, Eloqua found that, on average, deal close rates increased by 30%, company revenue increased by 18% and the revenue per deal increased by 17%.

> According to Aberdeen Research, companies that get lead scoring right have a 192% higher average lead qualification rate than those that do not.

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## Lead Scoring Evolved

> If you ask sales and marketing executives at 100 companies today how they score their leads, 99 will answer with the acronym, "BANT." That is, to qualify opportunities, a lead must have Budget, Authority, Need and Timeline for purchase. This is a common definition developed over the last decade for a qualified lead.

> But times have changed. Buyers start their information-gathering process well in advance of having established things like budget and timeline. Even if these factors are in place, buyers are unlikely to reveal this "inside" information to a sales person that happens to make a well-timed cold call.

> Instead, buyers today rely on the Web to gather information. They download whitepapers and case studies, connect with peers to validate their observations, turn to social media to crowdsource experience. And, for the most part, sales people have no visibility into these behaviors.

> To keep up with the changing buying process, advanced lead scoring systems consider a wide range of data points to determine lead quality. While explicit criteria like data such as job title, company revenue, and industry might suggest a good fit, implicit – or behavioral – information is key to determining true buying interest.

> This "digital body language" reveals a lot about a lead's level of interest in your company and its contentofferings. However, the growing trend is to focus on behavior – in other words, how frequently a prospect interacts with your company and content – because is often more powerful than relying on often inaccurate data collected over the phone or on a website.

> The main focus of lead scoring is to generate a sales-ready lead. Once you've generated qualified leads, you need to pass them to telemarketing for further qualification, such as by determining authority, need, and timing. Once a lead becomes sales-accepted, sales determines if it's a sales-qualified opportunity. Added bonus: by understanding your sales acceptance rate, you'll be able to better fine-tune your scoring criteria.

> **Two of the most commonly used scoring dimensions are:**

- Who the prospect is, signified by explicit data that determines fit, such as title, industry, and company revenues.
- How interested the prospect is, indicated by implicit data that determines level of engagement, such as frequent visits to website and responsiveness to promotions.

Score your leads against two dimensions: who they are and what they do




*** EFFECTIVE LEAD SCORING COMBINES:**
Prospect demographic and bahavioral data to prioritize leads.

> **The steps to defining lead scores are:**

- Document the profile fit score.
- Determine the 4-5 explicit-data categories ( i.e., the details a prospect volunteers explicitly through a form or a business card) that define a sales-ready stage of qualification.
- Define how important these categories are in relationship to one another.
- Assign a tiered set of corresponding criteria values for each category. For example, you may want to assign points to both a VP and a Director but give the VP a significant number of points and the Director a bit fewer.

| Category | Ranking | Weighting |
|---|---|---|
| Pain / Need / Solution Interest | 1 | 30 % |
| Job Role | 1 | 30 % |
| Industry | 2 | 25 % |
| Lead Source | 3a | 15% |
| | | **100%** |

### Document the engagement score.

> Determine the implicit-data categories (i.e., behavior that a prospect displays, such as a website visit or email click-through) that define a sales-ready stage of qualification.
> Define how important these categories are in relationship to one another.
> Assign values by weighting actions based on their recency. For example, prospects who visited the website three times last week are probably of higher quality than those who visited it three times over the last year.
> Determine overall ratings.
> Create a table that maps out the overall rating of a lead based on percentage of profile fit and engagement level. For example, the Profile Fit has a range of A-D and Engagement has a range of 1-4, with A1 being the most qualified, and D4 being the least qualified.

| Profile Fit | Rating |
|---|---|
| >75% | A |
| 50 - 75% | B |
| 25 - 50% | C |
| <25% | D |

### Map rating to action.

> Once scores are calculated and a rating is assigned, you can determine the right follow-up action, such as sending the lead to your CRM system for priority follow-up or entering it into your long-term nurturing program.
> By splitting the score into two dimensions, your marketing and sales teams will have more insight into what the score means as well as the approach to be taken with follow-up. Consider the scenarios in the following table.

## Split the score

Explicit = Profile Fit of Customer **A 1** Implicit = Level of Engagement or Interest

| Score | Description | Follow-Up Action |
|---|---|---|
| A4 | The right prospect but no interest | Priority but may need specific "why now" messaging |
| B1 | Good fit and very interested | Send to sales queue for immediate follow-up |
| C1 | Not the idea prospect but very interested | Will they ever be a good fit? Continue to nurture and profile |
| D4 | Wrong fit. No interest | Fulfill request and segment out |




### Lead Scoring Best Practices

> Keep it simple, especially when getting started. Do not score on too many criteria as it will be unclear what values are actually defining the score. And gather a core group of key individuals within sales and marketing to define criteria and business rules and make necessary adjustments each quarter.
> Define what will happen with each lead, based on the matrix, from lead nurturing to sales hand-off.

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> Consider exploring how lead scoring impacts compensation. If marketing is only measured on number of inquiries or net-new people in database, changing behavior to go for more qualified leads might impede them from achieving other goals.
> Focus on scoring criteria that has standardized data values associated with it; this will facilitate program execution and ease refinement as needed.
> Define an SLA with sales on how long is allowed for follow-up. For example, "A1, B1" leads should be followed-up with in 24 hours. "A2-3/B2-3" leads should be followed up within 48 hours.
> Provide sales with options for follow-up based on lead disposition, including automated nurture programs that will continue to educate the lead until it is again ready for sales.
> Continuously re-evaluate your scoring system, using direct feedback from key stakeholders on whether the ratings are accurate in terms of lead quality. Consider your sales acceptance rate to be the barometer of the health of your scoring program.
> Rate and measure the impact of lead scoring on sales. Conduct a closed-deal analysis to uncover insights into conversions, and incorporate those discoveries back into the lead scoring program over time, with the ultimate goal of making your success repeatable.

### Lead Scoring in Action

**Wondering how all of this translates into real-world results? Many marketers have improved lead quality by using lead scoring.***

> Taleo saw a 56% improvement in MQL to SQL lead conversion, and realized 25-30% pipeline growth in certain segments.
> Infoblox increased the productivity of its telesales team by 20%.
> Omniture's A leads close at a 4x better rate than C leads.

**source: 2009 Eloqua Markie submission*

**Benefits of an Automated Lead-scoring System**

> Measure campaign effectiveness
> Decrease volume of sales-ready leads
> Align follow-up resources for optimal conversion to revenue
> Objectively assess the potential worth of a new opportunity

## What's Next in Lead Scoring?

**What we've covered so far will help you improve lead scoring today. But it's important to keep your finger on the pulse. Here's what we see as the next stage in lead scoring.**

> Expanding awareness of prospect influences. As prospects receive more and more messages, information, and education through social media during the buying process, these peer channels will continue grow in relevance. In fact, awareness of how an individual discovered a message, along with where and from whom, will feature prominently in the lead-scoring and lead-nurturing routines of leading marketers.
> Content-based scoring. Companies that regularly refine their scoring models begin to notice patterns in lead quality that can be directly tied to the content that is accessed during the buying process. Advanced organizations are experimenting with scoring models based on content type – like whitepapers, product information and customer testimonials – instead of the download activity itself.
> Account-level scoring. Because we market to individuals but sell to companies, marketers must identify micro-trends within a larger set of interests. In the future, we'll more effectively score leads to pinpoint when a certain role is appearing in the buying cycle.
> Customer scoring. To increase customer lifetime value, you need to seize on opportunities for up-selling and cross-selling. That means you must understand when someone is in the cycle for a new product in your suite, and determine when a prospect or existing customer has switched mid-stream and is interested in a different product than originally indicated. Going forward, smart marketers will analyze all customer touch points to identify opportunities and risk throughout the lifecycle.
> Opportunity scoring. Top marketers will analyze behavior of a lead all the way through the middle of the pipeline to predict the likelihood of an opportunity closing.
> Predicting changes. Your lead-scoring model needs to remain closely aligned to your sales and marketing processes, even as they evolve. With predictive-modeling tools, you'll be able to constantly monitor prospects' behavior to understand how your model may have to change.

# Lead Scoring Resources

**Interested in learning more about lead scoring? Check out these resources.**

> Eloqua Lead Scoring resources: http://www.eloqua.com/topics/lead-scoring.html

## Blogs

> Digital Body Language – Eloqua CTO Steven Wood's blog covering a range of topics from lead scoring and nurture marketing to the effect of social media on B2B marketing and marketing analysis. http://digitalbodylanguage.blogspot.com/

> It's All About Revenue - A highly active blog that explores all of the key aspects of Revenue Performance Management, including Lead Scoring. http://blog.eloqua.com

> B2B Lead Generation Blog – Brian Carroll's blog focused on B2B lead generation, sales leads, and marketing for the complex sale. http://blog.startwithalead.com/weblog/

> The B2B Lead Blog - Delivers real-world, practical B2B sales and marketing tips to help you capture more qualified buyers and convert them into profitable customer relationships. http://blog.reachforce.com/

> The Funnelholic blog – A blog for those who live and work at the top end of the B2B funnel: Demand Generation, Lead Generation, Online Media, B2B Sales and Marketing, Marketing Automation, DRIP, and Lead Nurturing. http://www.funnelholic.com/

## Consultants and solutions

> The Bridge Group – Specializes in building, expanding and optimizing inside sales strategies for smart technology companies. http://www.bridgegroupinc.com/

> LeadSloth – Digital Marketing agency that helps B2B technology companies generate sales-ready leads with Inbound Marketing and Marketing Automation. http://www.leadsloth.com/

> Selling to Big Companies – Sales trainer Jill Konrath, author of Selling to Big Companies, provides sales training programs and sales training workshops, sales seminars and sales tips for the complex sell. http://www.sellingtobigcompanies.com/

> Sales Lead Management Association – Organization that aggregates resources and produces original content related to lead management. http://www.salesleadmgmtassn.com/

## Guides and white papers

> Eloqua Lead Scoring Solution Guide http://media.eloqua.com/documents/Eloqua_SolutionGuide_LeadScoring.pdf

> How to apply lead scoring to increase top-of-funnel conversion rates http://www.eloqua.com/resources/whitepapers/Codynamic_Lead_Scoring.html

> Aberdeen Group: Lead Prioritization and Scoring http://www.eloqua.com/resources/whitepapers/Lead_Prioritization_and_Scoring.html

## On-demand Webinar

> Evolving the Lead Score Beyond Basic Data by Bulldog Solutions and Eloqua http://omicertified.com/allstars09/Dec8.html

## Research

> SiriusDecisions – Leading source for business-to-business sales and marketing best-practice research and data. http://www.siriusdecisions.com/

## Video

> Eloqua on Lead Scoring Best Practices http://digitalbodylanguage.blogspot.com/2009/08/lead-scoring-best-practices.html

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