White Paper

Addressing the Nine Breakpoints in Lead Flow

by Joel Goldstein, President

Goldstein Group Communications
30500 Solon Industrial Parkway
Solon, Ohio 44139
440-914-4700
www.ggcomm.com

Internet marketers often speak about processes being "frictionless," of an ideal situation where sales are created quickly, smoothly and with none of the barriers traditionally facing marketers.

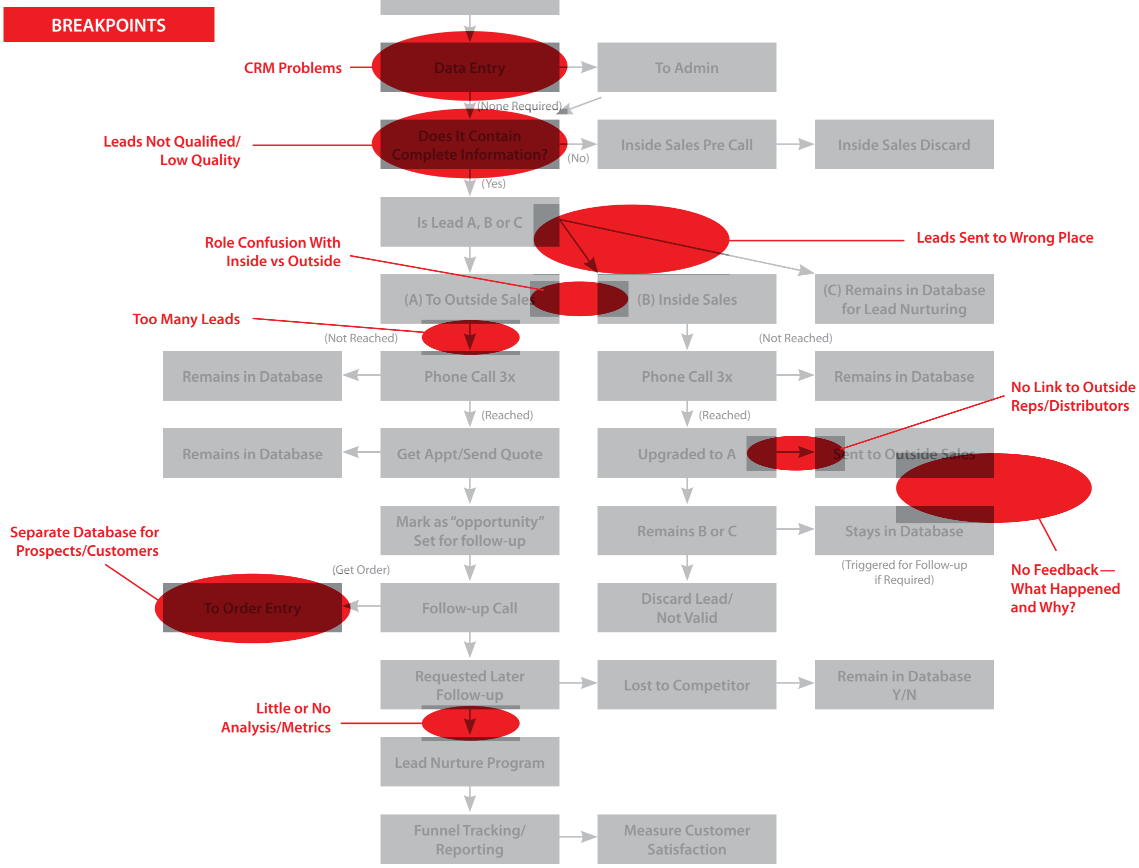
That's certainly the ideal situation, one we all seek to achieve. Yet, we know from practical experience that it's difficult to achieve, particularly in sales lead funnel management. In fact, lead flow for business-to-business companies is anything but frictionless today.

Consider the graphic below that shows the steps for a typical multi-million manufacturer. It generates thousands of leads, has sells through a direct sales force, and uses the traditional inside-outside sales support infrastructure where inside sales personnel qualify and support an outside sales team that pursues the highest quality leads. Very common and routine, yet you can see from the complexity of the chart that there are many steps a lead must pass through on its way from creation to close.

Every company contains a different chart. Whether yours matches what you see here is unimportant; what is important is that the process involves multiple departments, multiple people and multiple steps, and making it perform efficiently must begin with someone actually plotting out the process to capture what actually takes place.

But now the hard work begins. How do you IMPROVE the process? How do you reduce complexity, cut the number of steps, improve the speed of lead flow and improve the communications that takes place (or doesn't take place!)?

Lead Flow/Process



Our agency has identified nine common "breakpoints" that occur in most companies in some form in the lead chain. Improvement can't begin until the process is documented, then diagnosed by uncovering the breakpoints common to your company. You may have all nine (unlikely) or a subset of the nine we've seen. You may have others not identified here. But the improvement process begins with identification, then understanding, then resolution of each breakpoint affecting your company.

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Here is a summary of the nine breakpoints most common in lead generation today:

1. **Lead Flow.** Do you have enough quality leads flowing through the system? Pretty basic, but you can't achieve your company's sales goals if you don't know how many leads must enter the funnel. In other words, if your average sale is $10,000, your monthly sales target is $100,000, and you close one out of every 10 opportunities, your sales funnel has to generate 100 quality leads monthly in order to meet your sales projections. Conversely, it's possible to have too many leads in the funnel, in situations where you don't have enough staff to process/qualify them, or enough budget to allocate to lead processing (yes, there is a cost for handling every lead!).
2. **CRM/Technology.** Customer Relationship Management software should provide a platform to answer all your questions about leads, and to eliminate friction from the process. We all know, however, that too many CRM installations fail, or that most companies don't really use or absorb the technology in ways that help the sales process. CRM technology should be used to eliminate many of the breakpoints we'll identify here. Hiring more people, generating more leads, accepting breakdowns in communications, are all unnecessary afflictions of the process that good CRM implementation can solve.

3. **Lead Quality/Lead Scoring.** It's important to understand what your close rate is (10%, 25%, etc.), and how to apply that to various people, product lines and divisions. Close rate is a magic number that diagnoses many types of breakpoints in the sales process. If different salespeople have different close rates, it points to training or perhaps territory issues. If close rates deteriorate over time, it points to problems with leads being generated that are low quality, or a change in the market taking place (a competitor's new offering or lower price). If your funnel isn't working well, it could be that the leads you're entering into the system at the top are of low quality. Every lead needs to be "scored" as A, B or C quality in terms of its relationship to your sweet spot, your target: these are leads that close the fastest, have the highest profit margins and generate the most repeat business and referrals.

4. **Role Confusion.** For organizations that have inside-outside sales teams, it must be clear what lead is sent to the high-priority outside salesperson (A leads), what leads require additional qualification/processing (B leads) and what leads should be sent just to the database and are too low quality (yet still relevant) today but may bubble up to B or A quality later. Some organizations send all leads to the field, which is typically a process that is inefficient and burns out a sales force. However your company does it, the process needs to be defined.

5. **Leads Sent to the Right Place.** For organizations with distributors or outside sales reps, what leads go to these outside resources, and when? If you sell a complex product, you may not be able to send leads out to an independent rep until they've been further qualified. Or, your organization may rely on the reps to fulfill that task. Every process is different, requiring thought given to the question of just which team handles which leads at what point.

6. **Links to Outside Reps/Distributors.** Whether it's a dedicated online portal or some other method for tracking leads, it's important to incorporate lead follow-up with any outside resources that receive leads in your funnel process.

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7. **Feedback Link.** You'll want to build in a feedback loop into your lead process, likely through your CRM/technology system, to track quotes and opportunities. This type of data is important not only for ensuring that no opportunities are lost, but to improve the overall process and lead quality you're generating.

8. **Separate Databases.** Most companies maintain a lead and prospect database, often controlled by marketing or sales, and also a separate database for customers. These twin silos of unconnected data prevent marketing organizations from selling to existing customers (the lowest of the low-hanging fruit), generating referrals, and gaining insight into who becomes a customer and why. Combining the prospect and customer database is a simple tactic for creating powerful leverage that translates into immediate revenue and insight.

9. **Analysis/Metrics.** Simply put, marketing is math. Everything about sales and marketing can be converted to numbers, analytics and measurement, and nothing can be improved until activities are converted into numbers. Diagnosing problems, improving the system, generating more quotes and conversions, reducing cost/lead – all these basic tasks we face as managers of sales and marketing can't begin to be solved without understanding in numerical terms what's taking place, and what can be done to remove the barriers that analytics reveal exist.

Goldstein Group Communications, a technology b-to-b agency, brings an unusual combination of corporate communications management and engineer-level writing capability to its national client roster. With deep experience in electronics and industrial markets, the agency is able to draw on its skills to articulate with impact and clarity the technical advantages its clients bring to their customers. Unlike other agencies, staff members for the most part have built their careers on the corporate side of the desk, rather than as agency executives, a perspective that results in a higher level of accountability and measurability in the agency's programs.

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