

Who Needs Leads?



Why We're Here

- Understand how leads feed your business
- Busy-ness \neq Business
- Examine revenue as a business process
- Focus on creating sales cycles
- Win a free copy of my book

A Starting Thought

How you sell can be more important than what you sell

- *Scott Santucci, Forrester Research*

These are the Glengarry Leads



Pipeline

Business Process

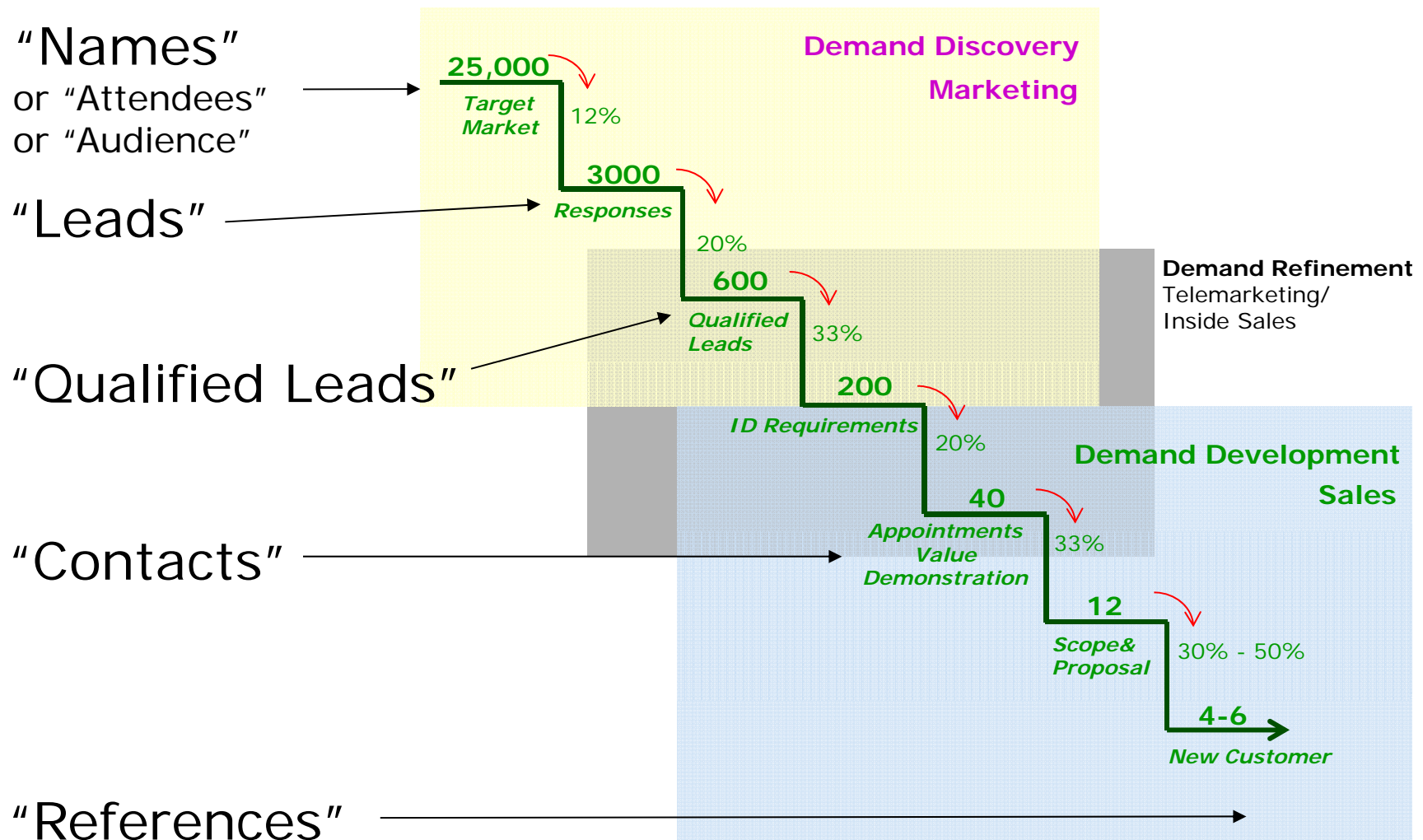
Solution

Case Study

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The Classic B2B Pipeline ...



Source: Research work from Sirius Decisions and DOTnet Consulting

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...Is not a Pipeline



Pipeline

Business Process

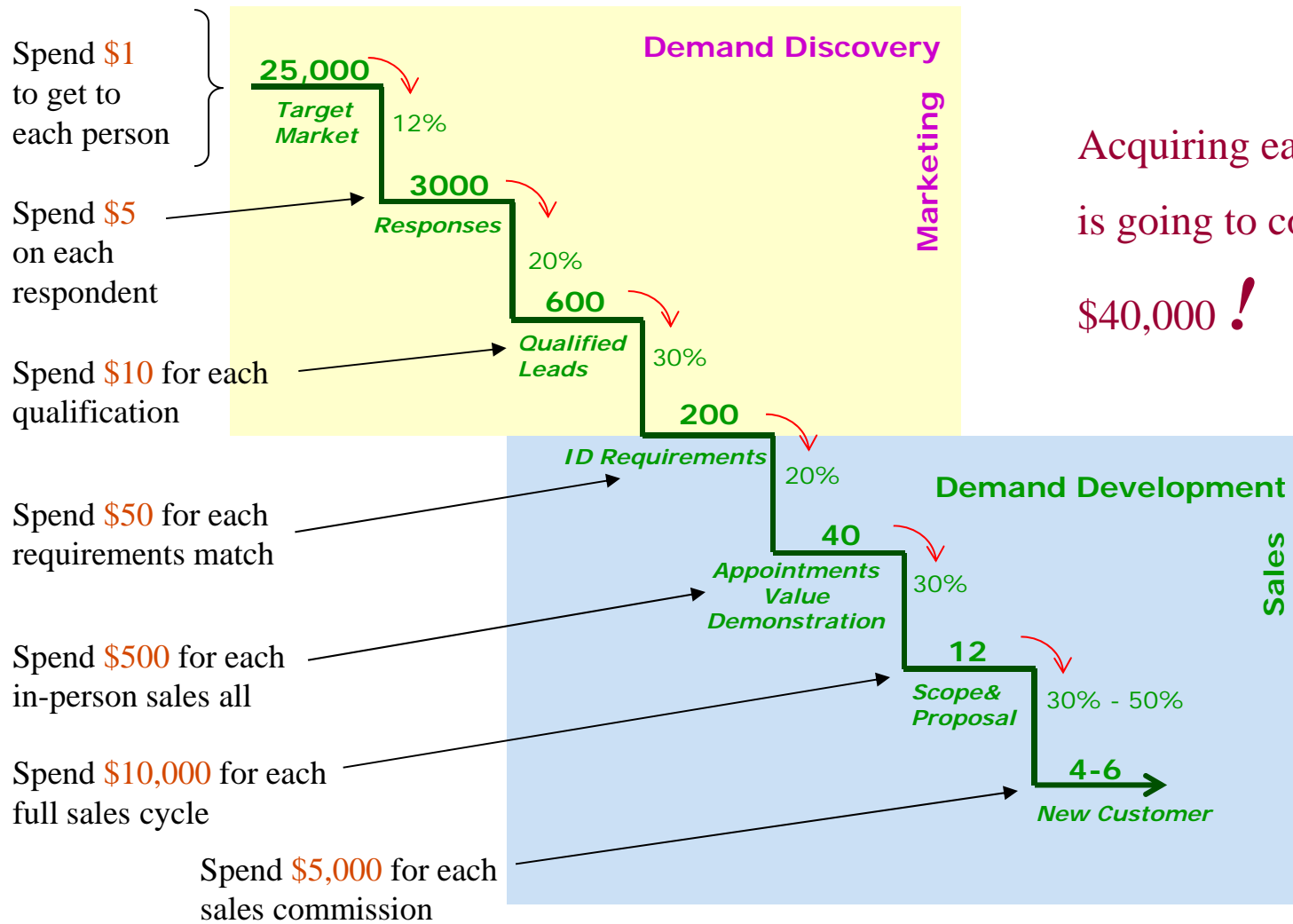
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Killer: Cost of Customer Acquisition



Acquiring each new customer is going to cost something over \$40,000 !

Source: DOTnet Consulting

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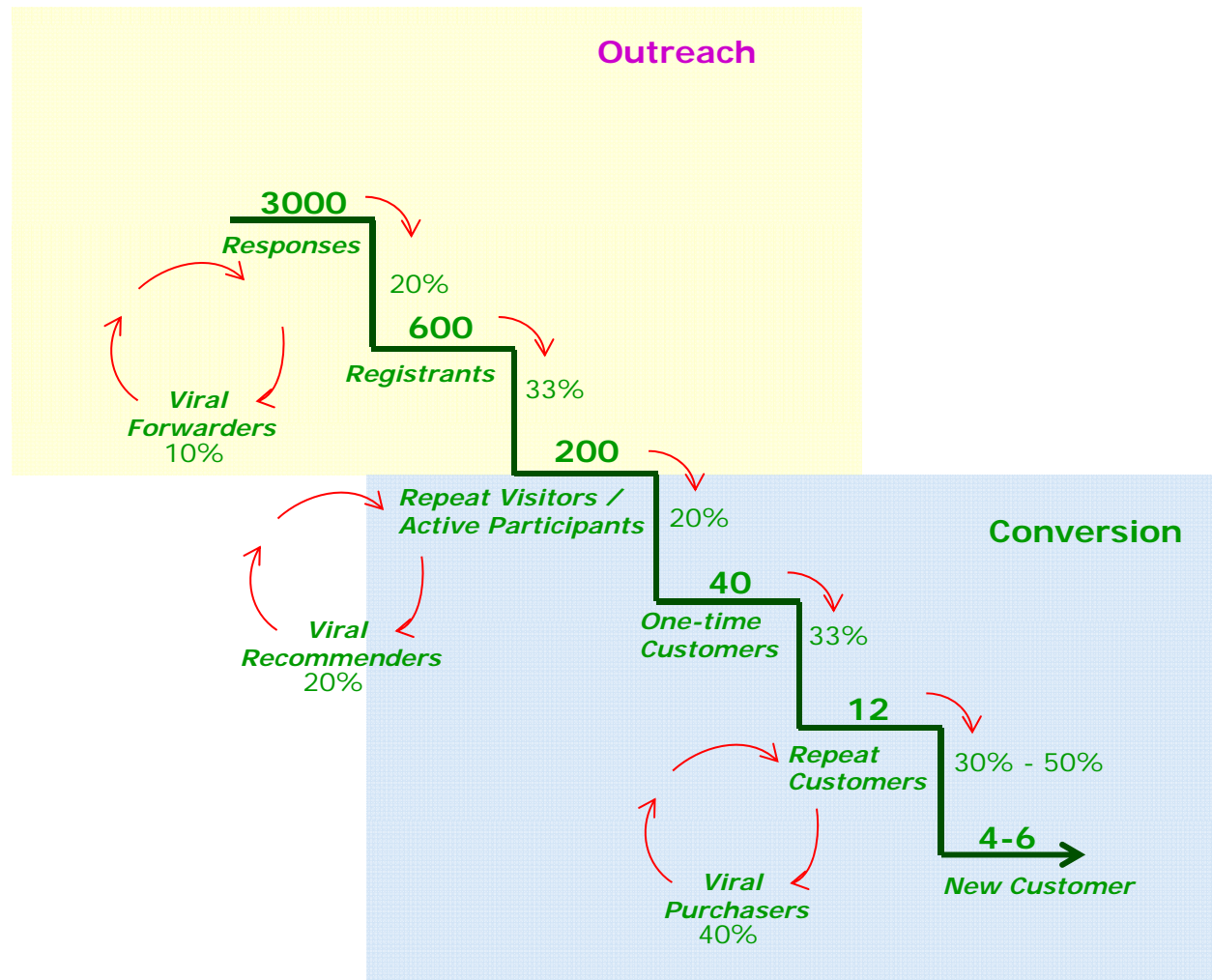
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The B2C Lead Waterfall



Source: Research work from DOTnet Consulting

Why Does *Anybody* Use the Direct Sales Model?

- For some types of products, you just have to
- Some types of customers won't buy any other way
- There's no other way to do \$100K+ deals
- It *is* profitable as long as there's...
 - Pent-up demand, locked inside a bureaucracy
 - Serious deployment / expansion business

Source: DOTnet Consulting

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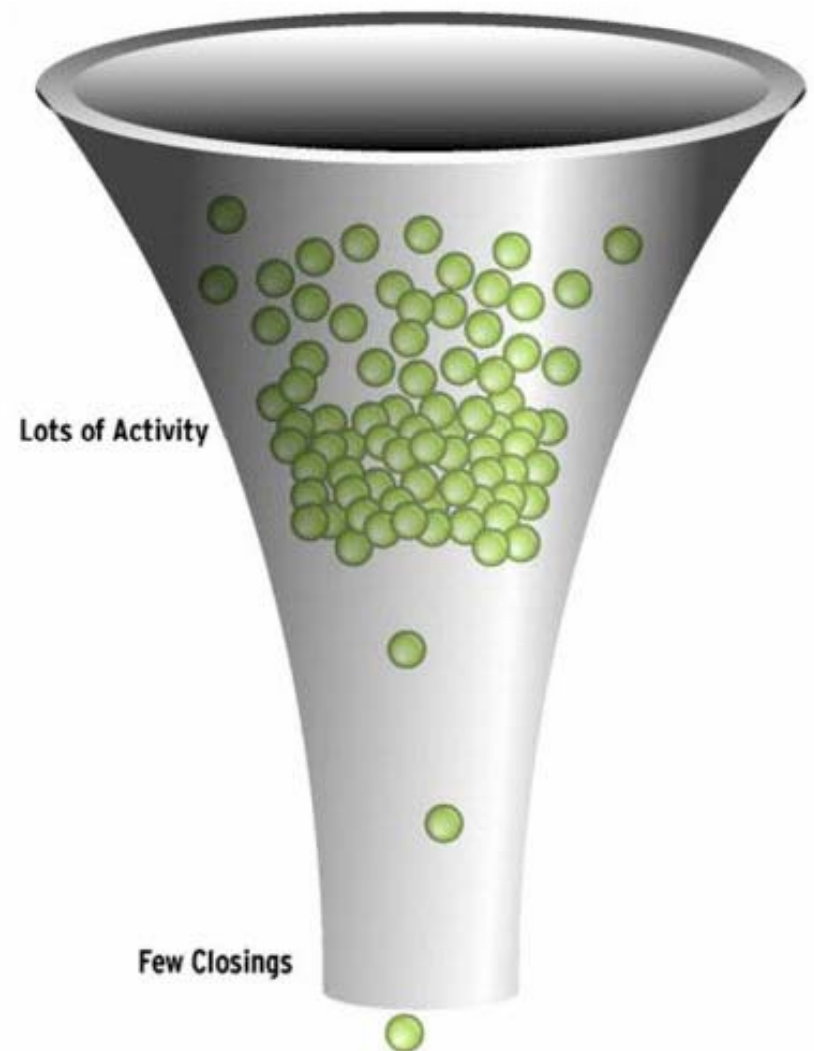
Profitable Sales?

- The long Enterprise sales cycles mean you have to charge at least \$75K to break even
- The real profits come only from repeat biz
 - Upselling and expansion
- Of course B2C and SMB sales cycles have different paths and costs ...
- But the fundamental equation must be:
 $CCA < \text{Customer Lifetime Revenues}$

The Folly of *Activity Management*

If you can't describe what you are doing as a process, you don't know what you are doing.

- *W. Edwards Deming*



Revenue is a *Business Process*

- Lead gen -> collections is often your most unreliable and expensive business process
 - Marketing + Sales + related: **>50%** of total cost structure
 - ❖ Operating at ~20% efficiency
 - ❖ Resources not used wisely
 - Unreliability symptoms
 - ❖ Marketing events with no yield
 - ❖ Whacky forecasts
 - Deals that slipped or shrunk
 - Roller coaster @ end of quarter
 - ❖ Returns or reversed deals
 - ❖ Low renewal / upsell rates
- Goal: Lower the labor content of revenue

Why Does This Happen?

- You aren't losing leads to the competition...
 - The real competitor is APATHY
- Leads don't really care about
 - Your differentiators
 - The feeds and speeds
 - ROI
- The labor-content solution:
 - Focus on people who *do* care
 - Build their interest at an *emotional* level
 - Get them engaged so they supply some of the labor

Today's Haiku

People buy because of how they
perceive they will feel
after the purchase

Think Systematically

- Start at the end of the process and look backwards
 - What are the sources of your most profitable deals?
 - ❖ Upsells and resells
 - ❖ References
 - What proportion of your deals can be tied back to lead acquisition efforts?
 - ❖ Don't be surprised if it's <10%
 - ❖ NOTE: both Sales and Marketing are gaming the system!
- Optimize your process to maximize the number of **sales-cycle starts**, not leads

Three Approaches

- Triage by deal size (length of sales cycle)
 - Direct: >\$50K
 - Telesales and channel: \$5-50K
 - eCommerce (zero touch): <\$5K
- Add a lead refinery
 - Marketing produces lots of “low quality ore”
 - All leads nurtured with email campaigns and smart web
 - Leads are qualified & converted by Sales Dev Reps
 - Outside reps are presented Opportunities, not leads
- Figure out which activities actually make a difference to a *sale*
 - Identify “good ideas” that actually slow things down

All You Need is an SFA System!

- Yeah, right
- An SFA system by itself is an empty shell
 - Provides no inherent value to the business
- The data *in* the system is worth far more than the system itself
 - Comes from users *actually* using SFA to do *their* jobs
 - Which comes from grassroots support
 - Which comes from giving users something that is inherently valuable *to them*

Case Study: Lead Nurturing

- Before
 - Marketing puts leads in system days after capture
 - Leads go straight to reps...
 - ...who cherry pick the 5% sexiest ones
 - ...and whine about lead quality and quantity
- After
 - Marketing gets “all” leads in SFDC w/in 24 hours
 - All leads are scored, to aid in time management
 - Telesales cultivates *all* leads
 - Reps only see “opportunities” with “contacts”
 - ❖ Much better time management

Head's Up

- Each of those approaches means
 - Organizational change
 - Budgetary re-alignment
 - Emotions
 - Political turf
- Make *sure* your board and your Sales VP are really supportive of these changes
 - Passive resistance is killer
 - Make sure you have enough runway for improvement

After You Get Rid of the Negatives...



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Make it *Really* Easy to Connect the Dots

- Remove customer speed-bumps
 - Unnecessary steps
 - Things that could be automated
 - *Anything* that engenders delay
- Change the rules
 - Contractual complexity
 - Weird / paranoid business rules
- Make purchasing *pleasant*
 - Conversations, not adversarial negotiations
 - Be *that much easier* than your competitor

Case Study: Sales Operations

- Before:
 - Quotes done manually with Word
 - Lots of mis-configured orders
 - Quotes sent out without approval or official record
 - Manual order processing (verification, re-pricing...)
 - Manual license-key generation
 - RFQ-to-fulfillment was 3-5 business days
- After
 - All quotes configured and generated in SFDC
 - No quote can go out unapproved (80% automatic)
 - Quotes could be instantly transformed to orders
 - License keys automatically generated
 - RFQ-to-fulfillment is <1 day

Parting Thoughts

1. Leads are fine
 - But really, they're just an indication of awareness
 - Measure them as the input to your community
2. Sales rarely come from cold leads
 - Nurture your community continuously
 - Use email, social networking, and other “robotics”
3. Qualify really *really* hard
 - Build a model of your best customers
 - Use “lifeboat” exercises on your *prospects*
4. $CLV - CCA = \text{Profits}$
 - Loyalty programs
 - Upsell promotions
 - Etc., etc., etc.

Thank You!

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