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# Avoid the 5 Biggest Lead Management Mistakes

Leads are the start of your sales pipeline, but they require special handling.

By David Taber | April 21, 2009

Companies spend thousands (or even millions) of dollars on lead generation, but only a microscopic proportion of that goes to lead handling and management. Unfortunately, leads are highly perishable, and without quick and effective handling they will lose much of their value.

Here are the top five pitfalls to avoid in your lead management activities:

#### Mistake 1: Taking Too Long

Leads are incredibly perishable. Recent analysis by Professor James Oldroyd of MIT indicates that lead response rates drop dramatically within just hours of a Web registration. Statistics show that a prospect's attention moves to other things very quickly, and the vast majority of Web site visitors will have no recollection of a company within 48 hours of visiting its site.

Make sure that Web leads get into your CRM system very quickly, and that a drip marketing email sequence starts the same day someone visits your site. Set up metrics, dashboards, escalations and incentives to minimize time to first touch. With trade show leads, the time frame is different — but you still want to a first contact in the prospect's email box at 8 a.m. on the Monday following the show.

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## Mistake 2: Giving up Too Soon

Although leads are perishable, paradoxically, they don't have real expiration dates. Sales reps tend to discard the vast majority of leads after a few days, and even the ones they work on will be dumped if they are unresponsive. However, marketing statistics have long shown that as much as half a company's business can come from these "dead" leads if they are nurtured over a long period.

Generally speaking, leads that are unresponsive or uninteresting should be moved from the active list into the "remarket" list within 30 or 45 days. But with the right kind of informational and newsletter marketing, a lead that first signed up two years ago may come back to life and be immediately ready to purchase. You can never know which specific lead will have this reaction, or when the prospect will be ready to make a purchase. So the only times you should give up on a lead is when all of the contact information is no longer valid, or the lead has explicitly unsubscribed.

### Mistake 3: Importing "Lead Lists" into the CRM System

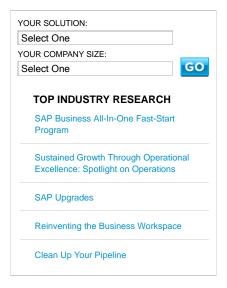
Lead lists are available for purchase from a number of sources, but these are rarely real leads. Leads must be defined as people who have expressed interest in your product or service, so the people in your target audience who might be interested should be called "names." Adding these names to your CRM system will only pollute the database and waste sales reps' time. This kind of lead import damages the credibility of the CRM system and the marketing department at the same time.

That said, sometimes you need to reach out to an industry association or other group in order to break into a new market. Unless the list you buy is brand new, there will be substantial information rot: typically email and phone numbers degrade between 1 percent and 10 percent per month. Because the names have not expressed any

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interest in your company or its offerings, the unsubscribe (or worse, complaint) rate will be quite high when you do try to contact them. Consequently, names should be kept in your marketing automation system and not be imported into directly into your CRM system at all. Otherwise, the bad data will merely muck up the system and produce misleading metrics.

#### Mistake 4: Handing Leads Directly to Sales Reps

I've never met a sales rep who said that he or she had too many leads. But I can guarantee you that no sales rep wants junk, and that's how 90 percent of all leads are treated. It's a better use of everyone's energy to give reps opportunities: appointment-ready contacts who are ready to start a sales cycle. Unfortunately, it's very rare indeed for marketing staff to be any good at lead qualification or nurturing.

The only solution is to have a function between marketing and sales that's dedicated to qualifying and nurturing leads via telephone and email. This team (called telesales, telemarketing, inside sales, sales associates, or just "the guys on the phone") should not have a sales quota, but should be tightly measured for the number of dials, number and length of conversations and number of fully qualified opportunities sent over to sales. As this telephone team is usually quite inexpensive (and is a good training ground for junior reps), it's amazing how often sales organizations resist having one. This investment is the best value in sales, and can dramatically improve the effectiveness and reputation of marketing.

#### Mistake 5: Not Scoring Leads

Everyone has some sort of lead ranking system (hot/medium/cold or A/B/C), but these are usually arbitrary and are not a good indicator of the lead's purchase interest. Even when leads are ranked, if they arrive in large batches, the people on the phones don't know which ones to call first. Over a week's time, the call-down list looks homogenous, with no indicator of priority or value.

Everyone will be better off if the call-down list is in order of priority, and the priorities reflect the current likelihood of interest. If leads are scored (with scores of 0 to 100), the call-down list becomes easier to work with, helping time management. To make the scores meaningful, your lead scoring system should include:

- · Profile: Explicit factors such as company name, job title, industry and information accuracy.
- Behavioral: Implicit elements that give points for email opens, phone conversations, Webinars, downloads,
- Time decay: Temporal functions that continuously lower lead scores if they haven't been responsive over time

Lead handling, cultivation, qualification and management is such a deep topic that the author devoted more than 30 pages to it in his book, "Salesforce.com Secrets of Success." Virtually all the lead management tricks discussed will work with any CRM system, so take a look.

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