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July 30, 2009

Salesforce.com Best Practices: Thought Leadership with David Taber, Author of Salesforce.com Secrets of Success

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The next interview in the B2B Marketing Thought Leader interview series is with David Taber. David is the author of the new Prentice-Hall book, "Salesforce.com Secrets of Success," which covers the people, policy, and process issues surrounding effective CRM solutions. David is the CEO of SalesLogistix, a specialist Salesforce.com implementer focused on improving business processes for Sales and Marketing alignment and effectiveness.

Q: David, why did you write this book?

We'd discovered over years of consulting to Sales and Marketing VPs that most firm's CRM systems were not really functional. The features were working, but the business wasn't getting the payoff. Beyond the common issues of dirty data and duplicates, we found that the business processes surrounding CRM systems were messed in a major way. These showed up as wild sales forecasts, leads being dropped, crummy conversion rates, and very poor visibility. The CRM system was becoming a problem, rather than the cornerstone of collaboration.

Q: What's the biggest issue with Lead Generation?

Well, I hate to sound like a consultant, but it all depends. A problem we see nearly everywhere -- B2B and B2C -- is focusing too much on the quantity of leads, rather than lead quality. The knee-jerk reaction is to measure marketing based on lead flow. Unfortunately, lead quantity by itself is almost meaningless and is easily gamed ("I just bought 10,000,000 leads on this $14.95 CD-ROM!"). It's more meaningful to produce a few very high quality leads, delivering them to reps in a way that reduces information overload and improves lead-response time.

If you want to go even further, don't focus on leads at all. Most leads are ignored anyway. Instead, optimize the marketing and lead cultivation process to produce sales cycles. This means producing fully qualified, converted contacts: people who are interested in taking a sales call. In SFDC terms, this means the sales reps should be seeing only opportunities and contacts instead of leads or campaigns. While producing "sales appointments" can't be the sole responsibility of marketing, working closely with your telesales (or sales development) reps to produce appointments can have a big impact on business results.

Q: That sounds like a big change - please tell me more.

It does take some process changes to focus on the level of interest, the depth of demand in a Contact, rather than just lead flow. You need to make sure that both sales and marketing are working with a coherent model that describes the life of a lead: how they evolve, who handles them at each stage, and the major sales-marketing interactions that happen on the way to closing the deal.

Nail down things like lead qualification criteria, sales stage trigger events, and probability-of-close percentages. From this model, create a service level agreement (SLA)—that is, a contract between sales and marketing about who does what to make the revenue happen (check out the "Define and Document the Sales Model" section in Chapter 9 of my book). This task can be achieved in an afternoon if you're serious, but it's one of the most highly leveraged things you can do to ensure that the marketing staff is on the same page with the sales team (as well as helping marketing personnel get on the same page with each other!)

Q: Tactically, what do marketing and sales teams need to do differently?

A key issue to watch out for: how long it takes for you to first "touch" a new lead. Timeliness is critically important to lead quality, as leads are very perishable early on. Research studies indicate that over half of the leads that register at your website today will not even remember your company name 48 hours from now. So marketing's process must get leads—filtered and scored—into SFDC within 24 hours, so that your first "personal lead touch" can be done by the telesales (or inside sales, or sales development) reps while the leads are still warm. Salesforce.com should be configured (typically with add-on products) to initiate an automated email "drip

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sequence" of information relevant to the prospect's inquiry, to keep their interest level up even if a phone conversation hasn't occurred.

If your firm doesn't have a sales development rep (or equivalent) function, you need to work closely with the sales VP to get the right budgetary and organizational changes made.

Q: What about lead scoring?

The first step in lead cultivation is scoring and sorting: making sure the worthwhile leads get to the right person quickly. Lead ranking often boils down to "HOT" and "don't bother." In many organizations, 95 percent of the leads will be effectively ignored—and the bigger the lead flow, the more important it is to score leads so that the sales folks spend time the right ones. Whether you adopt lead scoring from a marketing automation product or you build it yourself using workflow rules and APEX triggers, here are the important things to look for:

- Profile scoring assigns a static number based on the individual's demographic or descriptive information (job title, company name, industry, etc). Add points for "more fields filled out on the page" and subtract for data indicating irrelevance (the person is from a country your company doesn't sell to) or unattractiveness (e.g., a yahoo email address).
- Behavioral scoring yields a dynamic number that results from the individual's choices and patterns in interacting with the company. Points are added for any action taken by the individual, and special points are added for behavioral sequences that match a quick sales cycle. Points are deducted for behaviors that indicate "tire kickers" or other low-yield activity.
- Decay scoring lowers the score of inactive leads every week or so, thereby demoting stale leads in the priority list over time. After 30 or 45 days, inactive leads should disappear entirely from view because of the decay, and be relegated to your newsletter queue.

All three of these scoring methods are subject to a lot of faulty assumptions. Spend time experimenting to set the correct point values and time factors, "tuning" the resulting priority list for the sales folks.

Q: What do marketers need to look out for in CRM analytics?

Marketing teams have an admirable analytical bent, and it is very tempting to create lots of analytics and dashboards evaluating the effectiveness of marketing campaigns and sales pull-through. The big problem here is a misunderstanding of what the data is, how it behaves, and what it means. It's really common to look at "the life of a lead," and want to see its impact on the current opportunity pipeline. In most cases, this can't really be done on more than about 25% of the leads...to see the impact of the other 75% of the leads often requires applying a huge pile of assumptions that are tough to justify. This is one of the reasons we encourage focusing on Opportunity generation, not lead generation.

Further, SFDC data quality and depth take time to mature: just because your system has clean records and a low duplicate percentage doesn't mean that the data is solid enough to support good business decisions. For almost any meaty marketing decision, it will take at least a quarter before the data is meaningful, and many decisions really need a year's worth of data (due to seasonality and other effects). Set expectations with your executive colleagues from the outset, so you don't get bushwhacked at some staff meeting 6 weeks after system go-live.

Q: What should Marketing be measuring, then?

It's easy to ask for data, and even easier to show metrics and reports about how busy marketing is. But busy-ness doesn't lead to business: the fact you had 150,000 "impressions" this month doesn't help any sales rep make his number. Instead of showing "activity," model and measure the real cost of customer acquisition and the importance of repeat business—the most profitable source of revenue. By aligning the marketing effort with the most profitable revenue sources and improving sales cycles, the marketing team will automatically align itself with the goals and objectives of the sales team and the stockholders.

Here are examples of meaningful measures that you should bake into your salesforce.com data collection and analytics:

- Time to "first touch" of a lead
- Number of converted leads per rep per month
- Average time to convert
- Number of fully qualified leads accepted by sales each month
- Number of sales cycles started due to marketing efforts
- Value of sales pipeline started due to marketing efforts
- Proportion of leads rejected (and neglected) by sales
- Marketing cost of acquiring a new customer
- Value of sales pipeline influenced by one or more campaigns (SFDC's new campaign influence feature makes this much easier to measure)
- Profitability of new customers due to marketing efforts
- Loyalty of new customers
- Percentage of repeat business

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