GETTING MORE RAIN FROM YOUR "RAINMAKERS"

WHY INVESTING IN YOUR HIGEST PERFORMING SALES STARS IS THE SMARTER CHOICE FOR GROWING REVENUES

3FORWARD

EXECUTIVE SUMMARY

We've all been there -- your sales team is down one or more members due to attrition (usually of the planned variety). Action had to be taken: the sales person was not making their number, their pipeline was deficient, and activity might have been evident but the results were not.

You now have an open position with a quota attached to it so you must act quickly to fill the slot. Hopefully you began the recruiting process well before the attrition took place. If so, you probably spent 40 hours of management time refreshing the job requisition and position description, meeting with Human Resources and external recruiters to get the recruiting process underway and wading through the stack of "qualified" applicants that were presented to you. You were very lucky and found two candidates that have the experience and the track record you need. These candidates went through the corporate interview process and you settled on one of them as the final candidate. The offer was made, accepted, and the new hire is on board. It only took a total of eight weeks and the problem is solved, right? Well, maybe not.

BEST PRACTICES BENEFITS

- *Greater win ratio*
- *Reduction in pipeline leakage*
- *Increased quality of leads*
- *Better results; increased ROI*
- *Better collaboration between sales and marketing leaders*
- *Positive motivational impact for sales team*
- *Reduction in non-planned sales team attrition*

It may have only taken eight weeks to get the new rep on board but it will likely be quite some time before the sales person achieves any meaningful results. For all practical purposes this person is starting from scratch, even if they come with "Rolodex." Several quarters of prospecting may follow before a qualified sales pipeline is established. Then, it could easily be 1-3 more months before any opportunities begin to close. That means it's probably too late in your plan year to have a meaningful impact on quota attainment.

TOTAL COMPENSATION, FRINGE BENEFITS, AND OVERHEAD LOAD CAN EASILY EXCEED 300K ANNUALLY FOR A REP AT 100% OF PLAN. IF A NEW REP BECOMES PRODUCTIVE IN MONTH 6-9, YOUR FIXED COST BEFORE SALES CONTRIBUTION IS IN THE 150K-200K RANGE.

What did that cost you? Your cost of sales started on day one with the new hire. You incurred salary, draw, benefits, and overhead costs well in advance of generating the first sales dollar. We tell ourselves that's the way it's always been; we need to make investments in sales before we see results. While it is true that we need to invest in sales to see results, there are new methods that can yield better and quicker results. Based on the scenario above and assuming a solution sales environment, total compensation, fringe benefits, and overhead load can easily exceed 300k annually for a rep at 100% of plan. If a new rep becomes productive in month 6-9 your fixed cost before sales contribution is in the 150K-200K range.

Let's consider the costs and benefits associated with bringing on a new sales person versus raising the performance of the existing in-place sales team through the use of new tools, inbound and outbound demand generation programs, and business intelligence tools that allow for precise prospect targeting.

This alternate approach would be to use that same 150-200K in expense dollars and use them to make investments in both your existing sales team and the processes you employ to ensure their continued success. This approach not only yields better results it also ensures that you reduce the risk of non-planned attrition. A sales team making good commission is less likely to seek other green fields.

WHERE TO INVEST?

Instead of replacing a sales person who was not making the grade, we find that investing more into the sales team members that are making the plan greatly increases your likelihood of success – and provides a huge positive motivational impact to your team.

Where to invest? Consider linking **inbound and outbound lead generation** programs with **sales intelligence** tools that help identify when a prospect is a **sales ready lead**. This kind of lead management and analytics can make your team far more effective and allow them to focus their limited time on high probability targets. However, getting to this point requires focus and collaboration from both sales and marketing leaders. Both groups need to rely on each other for action and the necessary feedback needed for course corrections as the program matures. The tasks below will help you set a course for success in identifying sales ready leads.

DEVELOP A TARGET PROSPECT LIST

The first step in the process is to develop a **target prospect list**. This seems simple enough but many of the firms we work with truly believe that everyone in the universe is a prospect. One way to avoid this mistake is to develop a **prospect sweet spot matrix**[1]. Look at your existing client base and determine why those clients are a good fit with your organization. Is your success based on client size, vertical market or industry, a special need or situation where your firm excels? A best practice is to tier your target list into a best, neutral, and weak category. That approach will help the sales team to self assess an opportunity before asking for internal sales support. It will also help the sales leadership team to determine which opportunities to pursue when internal sales support resources are limited.

BUILD A REALISTIC TARGET LIST

Once you have completed this exercise you can then build a realistic target list. Prospect lists can be purchased from a variety of sources such as InsideView, Hoovers, Genius.com and several other companies[2]. Many of these tools have excellent features and functionality and can really accelerate the research process. Be aware that these lists compile information from several sources and, although generally accurate, additional research is often needed to confirm names and contact information. We believe it is a best practice to outsource the list verification process, as using your sales people to do this work is a very expensive way to accomplish this task.

IMPLEMENT AN IN-BOUND AND OUT-BOUND LEAD GENERATION PROCESS

[1] To download a sweet spot matrix template, visit http://3forward.com/wp-content/uploads/2010/04/3forward-Sweet-Spot-Matrix-template.xlsx

[2] http://www.insideview.com; http://www.hoovers.com; http://www.genius.com

At this point, we suggest a model that's far more effective than traditional cold calling. Implementing an inbound and outbound lead generation process provides your team with **sales ready qualified prospects** and also **nurtures** those targets that may become buyers in the future.

When implementing this process think about these critical components:

- Creating messaging and value propositions specific to the buyers in your target list
- Developing lead nurturing programs to keep your firm 'top of mind' with your prospects
- Utilizing automated lead management tools that determine what clients are really interested in and how to engage with them in an effective manner

BEST PRACTICES FOR LEAD GENERATION AND LEAD MANAGEMENT

Let's explore the specific area of **inbound and outbound lead generation** as the approach to increasing sales effectiveness by better focusing on higher probability targets.

Generating leads and **managing those leads through their lifecycle** requires a disciplined approach to yield the greatest value. A **combination of inbound and outbound** elements allows your firm to be top of mind with both immediate and future prospects. This process allows your sales team to focus the bulk of their sales activity on those "qualified" prospects that have an identified need and are showing the right indications of making a buying decision in the near term. For those targeted prospects that are not yet qualified you need a process that allows you to "stay in touch" with them and to identify when they become sales ready.

THE KEYSTONE OF ANY LEAD GENERATION PROCESS IS THE ABILITY TO MANAGE, NURTURE AND SCORE LEADS OVER TIME AND IN AN AUTOMATED SYSTEM.

We believe that the keystone of any lead generation process is the ability to **manage, nurture and score** all these leads (1) over time and (2) in an automated system. Fortunately, there are several strong software solutions which provide this dual functionality. The very **compelling ROI** from these products comes from better targeting of sales ready leads and the reduction of sales time your team will expend following non-qualified / non-sales ready leads.

Looking at outbound lead generation, both **cold calling** and **email marketing** are typical examples most companies deploy. Each has pros and cons but both require the need to **deliver a clear message** in order to capture the attention of the prospect and get them to take the action you want. The action may be returning a phone call, signing up for a webinar, or responding to an email. Investing time on script and message development will significantly improve lead generation response. These tools are excellent ways to drive inbound traffic to your website, create lead traction, and begin moving leads into your sales process. However, these push methods should not be used to "sell" a prospect. For content that works well, consider providing unique insight or information, a tool or template, or some other form of relevant content that will engage the prospect and lead them to viewing you as a resource point.

Your outbound program should dovetail with your **inbound lead generation** program. Email marketing and webinar invites should attract traffic to your website. The use of social media products such as LinkedIn, Facebook, and Twitter, if aimed at the correct audience, can also generate traffic and help establish you or your firm as a credible, go-to source for information and insight. The key to effective social media participation is both the discipline to **provide meaningful content** and the **time commitment to participate on a regular basis.**

TOOLS AND SOLUTIONS FOR LEAD MANAGEMENT AND NURTURING

Now we focus on the required features and functions of the tools and solutions that best automate the lead management and nurturing process.

The primary sales benefit of integrated lead management is **tracking and reporting** on the digital behavior of prospects to determine when they have entered a research state or are ready to buy. Knowing when a prospect goes from unqualified to qualified ensures **higher quantity** of leads at the **lowest cost**, since expensive sales resources are not being wasted tracking unqualified prospects. There are now several feature rich tools available to automate the lead management process. In fact, some tools have so many features that it is possible to build in too much complexity. A best practice is to **implement a basic process first** then add features and capabilities as you become proficient at managing the activities.

When you are ready begin evaluating the following lead management systems consider these features and capabilities. Remember: you need to know your markets, targets, and messages before you try to automate anything.

THE ABILITY TO LAUNCH AND TRACK EMAILS AND NEWSLETTERS

This function is critical to effective nurturing and drip campaigns. Having knowledge of who opens your email and the ability to track when they click through to your website will allow you to understand their **specific area of interest** and will also help to establish a **lead scoring methodology**. The tool can also be used to automate the drip marketing function. If a prospect shows interest in a specific area, workflow rules in more advanced products can automatically email a white paper or other relevant information to the prospect either immediately or on predetermined schedules, an excellent way to stay top of mind with your prospects.

LEAD SCORING AND PRIORITIZATION

The ability to track who is reading your outbound messaging and visiting your website, what they are looking at, and how long they are looking are important components of lead scoring. For example, large amounts of activity by senior executives would rate a higher score than activity by less senior people. The benefit of this process is that sales remains focused on leads that achieve high scores, and are thus in research or buy mode. Advance thought needs to be given to establishing your scoring methodology to ensure you know when a prospect moves from unqualified to qualified. Having the capability to include **category tags** or **fields** in your lead database is important for more refined scoring approaches. This feature is also available in more advanced products.

CRM INTEGRATION

By integrating your lead management system with your CRM system it is possible to track prospects in real time. The minute a prospect hits your qualified stage it can be automatically moved into your CRM system and assigned to the right rep for immediate action. If the sales organization determines it is not yet qualified, they can move the prospect back into the lead management system for additional tracking and nurturing. This ensures no prospects leak from your funnel.

ANALYTICS AND CAMPAIGN MEASUREMENT

This key capability is what ties together the all the push, campaign and content delivery elements of the more advanced lead management systems. This feature allows you to **track visitors** to your website and **determine who is actively researching** or interested in your products and services. It tells how they originally reached your website, and what features of your offerings they're most interested in learning about based on the pages they visit and the downloads they complete. Visitor analytics information also helps you to **refine and fine tune your scoring process**. It's hard to achieve this level of integrated dashboard with disparate tools – so to really make this work seamlessly consider only the more advanced lead management offerings.

CONCLUSION

When faced with an open hiring requisition, sales leaders should consider taking a different approach to investing their sales budget. Instead of hiring a replacement rep(s) we propose re-investing that same hiring and employment cost into the remaining, successful sales team by implementing an inbound and outbound lead generation program. We also identify in the capabilities and features to look for when evaluating automated lead management solutions. What's the payoff? By effectively automating outbound sales campaigns and tracking and scoring the digital behavior of prospects, your valuable sales resources now focus their time on qualified **Sales Ready** prospects.

A BAD HIRE COULD COST 24X OR MORE THAN SALARY PAID.

With this kind of '*above the funnel*' lead generation process now in place (what we call Lead Ready), expanding the sales force in a controlled fashion now makes sense and can produce the revenue ROI your company needs. Remember, the cost of a bad hire is far more than wasted salary and fringe benefits. Depending on customer contract values total out of pocket cost could easily be millions of dollars. According to **Topgrading** author Brad Smart, a bad hire could cost 24X (or more) salary paid in terms of opportunities lost, damaged relationships, and wasted internal resources[3].

[3] Avoid Costly Mis-Hires, http://3forward.com/wp-content/uploads/2010/02/Avoid-Costly-Mis-Hires-by-Bradford-Smart.pdf

ABOUT 3FORWARD

3forward helps companies find and create qualified leads, increase wins and accelerate sales. Our offerings include Lead Ready^{tm}, Everest Insights^{tm}, Market Development and Anchor Client Strategies and other demand generation services. We also help companies with Sales 2.0 integration programs. Our services are ideal for outsourcers, technology companies and firms selling to US healthcare providers and hospital systems.