

The Velos Group and the Sales Lead Management Association

2nd Annual Sales Lead Management Survey Results



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Executive Summary

Why is sales lead management ignored by some and championed by others? For 41 years, since the introduction of the first “inquiry management systemⁱ,” the value of inquiries and the follow-up by salespeople has been a constant argument and a source of frustration. From marketing departments that generate the inquiries, to salespeople who must follow them up and the inquirer who is ignored, everyone complains.

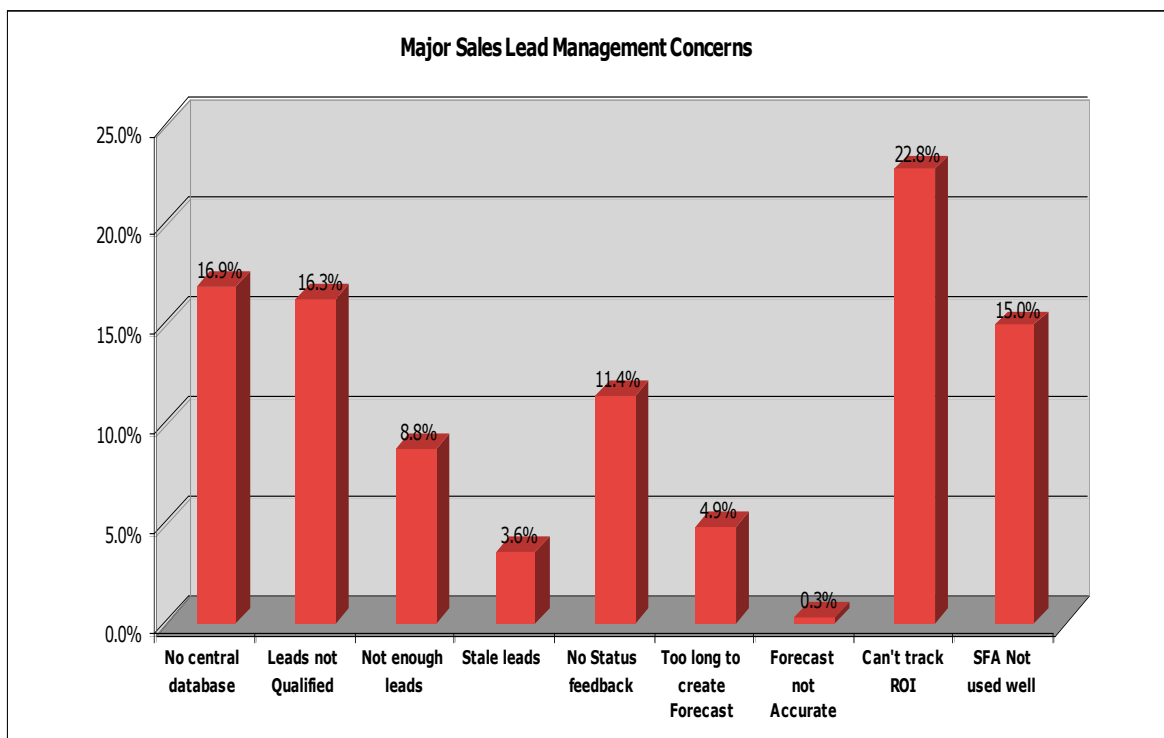
This Sales Lead Management Survey, was taken by 144 southern California, primarily small, private businesses. The results indicate we have not progressed very far in 41 years. 68.8% of those who took the survey still do not qualify inquiries before giving them to their salespeople. 52.4% still have no formal process for compiling sales forecast reports. And 82.8% do not track the return on investment for lead generating investments. Granted these numbers reflect small company thinking (97.2% of those that took the survey have 49 salespeople or less), but even larger companies have similar roadblocks. While the majority of the larger players have installed CRM systems, most still do not adequately measure ROI. Mark L. Friedman, President of the [Velos Group](#), a partner in the Cerius Consulting Group, and co-founder of the Sales Lead Management Association says those companies that take this discipline seriously and train their sales and marketing departments in “best lead management practices” grow faster than those that don’t. Mark stated that simply buying the best CRM system won’t solve the “people problem” of reporting on the results of every inquiry and tracking the ROI for lead generation programs.

Study Results

Of the 144 companies that took the survey, some were clients of the Velos Group and others attended association meetings and took the survey before the meeting when Mr. Friedman was speaking on the subject of lead management.

And some of the respondents took the survey while visiting the Sales Lead Management Association web site (www.salesleadmgmtassn.com).

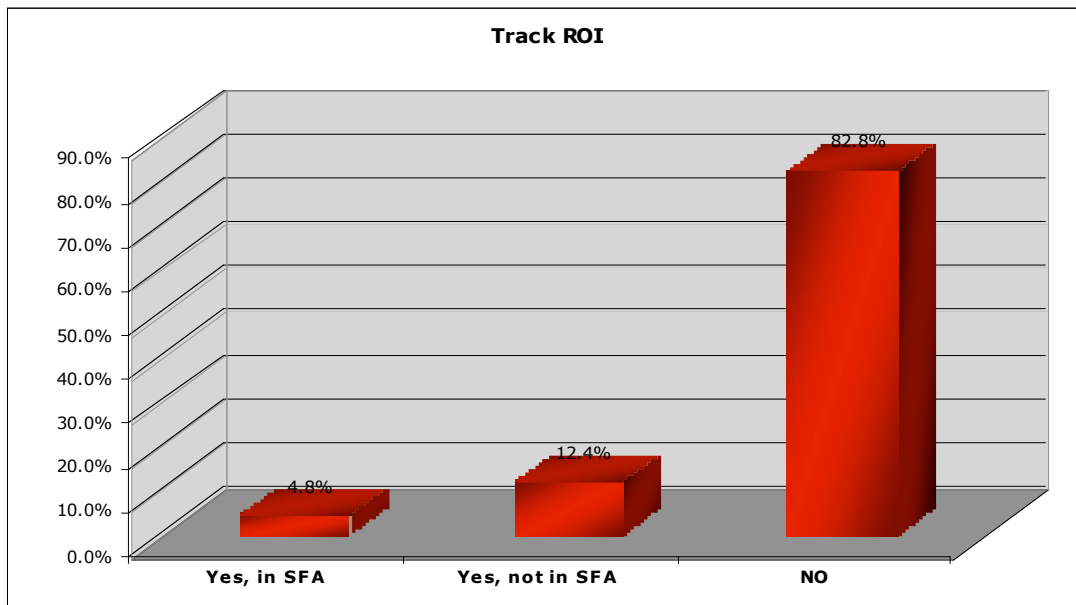
In the first question we asked about their biggest concerns when they evaluate how inquiries are managed. It's probably not a complete surprise, but the number one concern (22.8%) among the 307 responses was that they could not track the Return on Investment (ROI) for their Marketing Programs (multiple answers allowed).



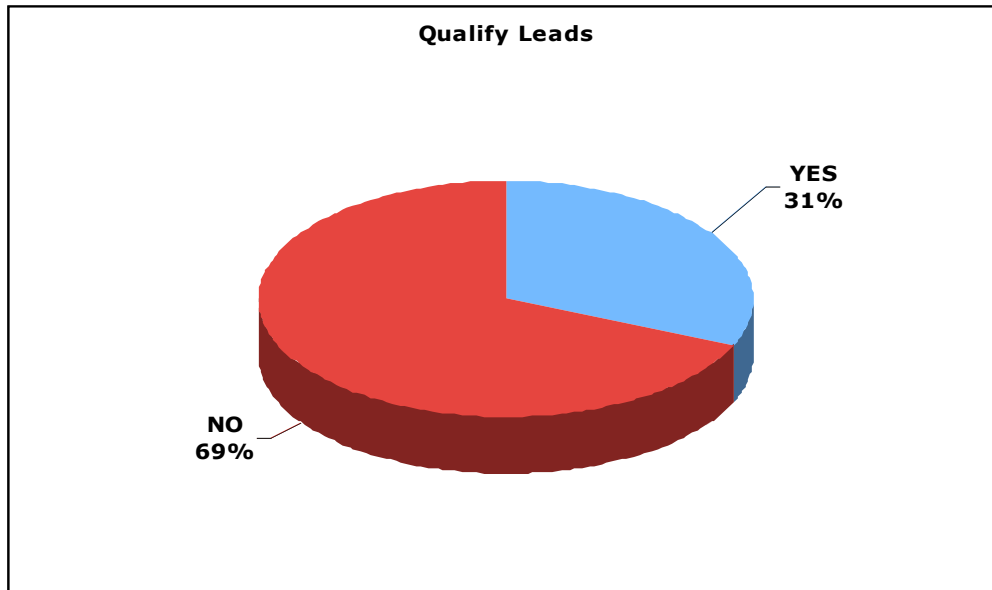
Major Concerns	Responses	% of Total
No central database	52	16.9%
Leads not Qualified	50	16.3%
Not enough leads	27	8.8%
Stale leads	11	3.6%
No Status feedback	35	11.4%
Too long to create Forecast	15	4.9%
Forecast not Accurate	1	0.3%
Can't track ROI	70	22.8%
SFA Not used well	46	15.0%
Total	307	100.0%

In a related question we asked if the companies track ROI and more than 82% said they did not.

Track ROI?		
Yes, in SFA	7	4.8%
Yes, not in SFA	18	12.4%
NO	120	82.8%
Total	145	100.0%

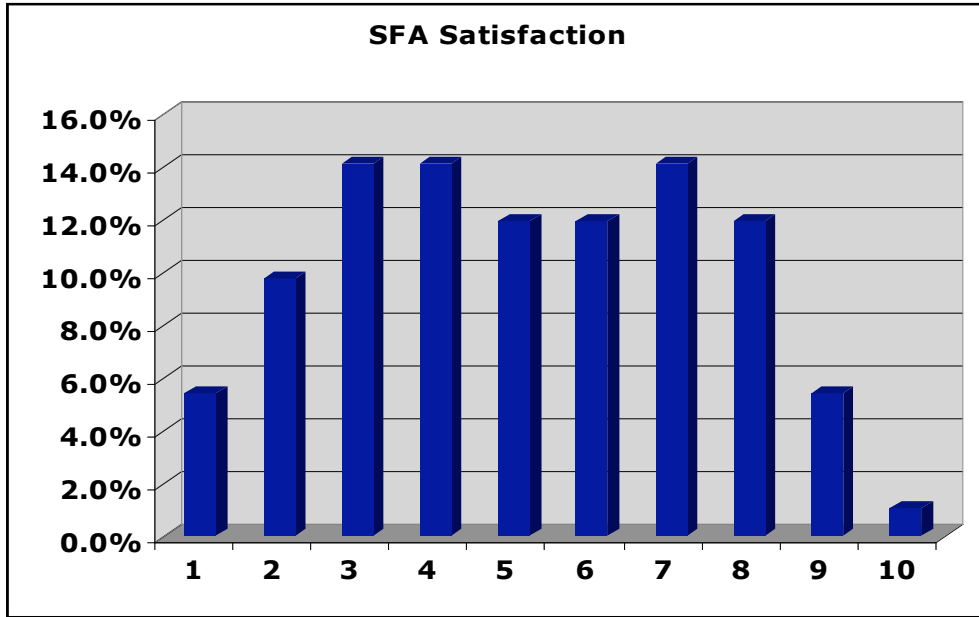


Following closely behind are two related issues that greatly contribute to the inability to track this ROI: Leads are not qualified before they are sent to Sales and a majority of the companies are not satisfied with Sales Force Automation (SFA)/Customer Relationship Management (CRM) software.



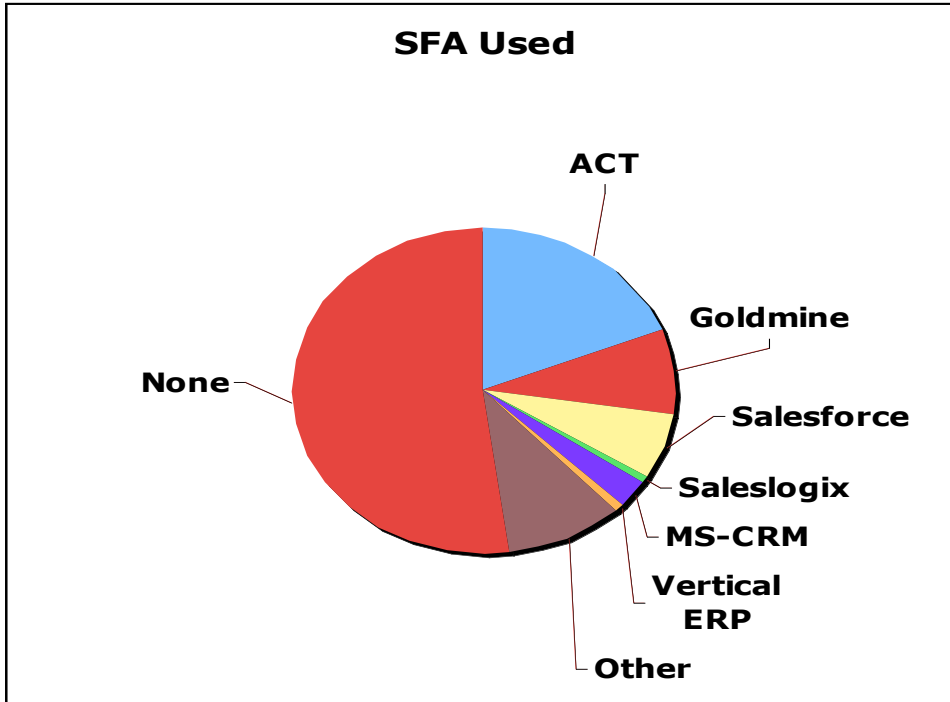
The qualification question showed that 69% do not qualify leads before sending them to the field. And yet, marketers know that qualification is easier than ever before. Landing pages with questions for direct marketing (even business reply cards are not dead), computerized lead acquisition devices at trade shows, and "Contact Us" pages on web sites can qualify more than 50% of most companies inquiries. There is no excuse for not giving a sales force the answers to qualifying questions from the inquirer. Most marketing departments are often too timid to ask.

Their satisfaction with the SFA/CRM system is weak with 55% on a scale of 1-10 falling into the 5 or less category.



When asked what SFA/CRM system they use to manage inquiries, 52.1% use nothing. With the low cost entry of many SFA/CRM systems, (for small companies) it is surprising that more small companies do not use a system.

What SFA do you use?		
ACT	27	19.0%
Goldmine	12	8.5%
Salesforce	9	6.3%
Saleslogix	1	0.7%
MS-CRM	4	2.8%
Vertical ERP	1	0.7%
Other	14	9.9%
None	74	52.1%
Total	142	100.0%



What does all of this mean? When speaking at associations and sales meetings, Mr. Friedman talks about the 2 Black Holes that lurk in many company's Marketing and Sales processes.



Black Hole 1: The President or Owner of the company gives a whole bunch of money to the VP of Marketing at the beginning of the year to generate leads and increase sales. At any point during the year the President asks the VP what's happening with the money and the VP doesn't have the reports to indicate precisely what leads have been generated and closed by Sales. The President thinks the money he gave the VP has disappeared down a black hole.

Black Hole 2: We all know that the VP of Marketing actually conducted direct mail campaigns, went to trade shows, advertised in magazines used on-line pay for click and created other programs expressly design to generate leads for Sales. Once the VP of Marketing received these leads, he or she then sent them, in bulk, to the VP of Sales and proudly stated, “Here, I’ve done my job, now close some business.” The problem in most organizations is that the VP of Marketing never hears back from sales regarding what happened with those leads. The VP feels like the leads disappeared down the big black hole of sales.

The key to eliminating these two Black Holes is to implement a Closed Loop Lead Management system. Here are the important steps to accomplish this:

1. Conduct a thorough assessment of your current Sales Lead Management processes and procedures. Taking a systems approach, evaluate how sales inquiries are received, entered into your database, distributed to sales and how feedback is received from sales regarding the status of all leads sent to them. The objective of this assessment is to rationalize, standardize, streamline and document the way your company manages this important business function. If you have an SFA/CRM product, don’t expect it will function without business rules to guide it and the people using it.

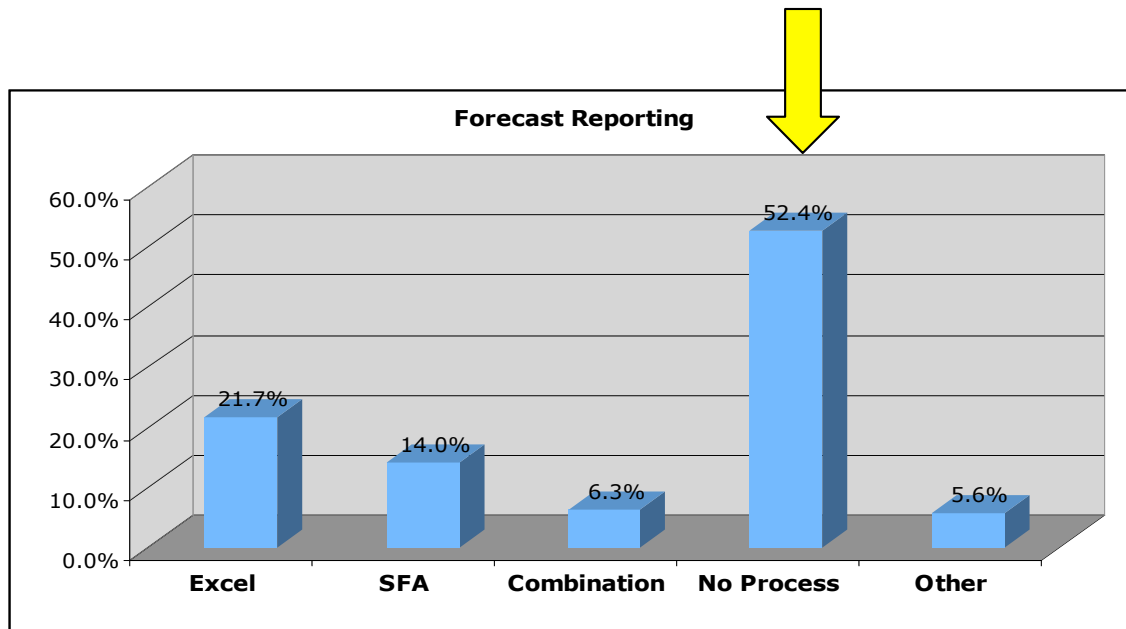
2. Get your sales and marketing departments together and agree on several important issues:
 - a. Define the criteria for the creation of an account profile; what account information is available and important to both sales and marketing in their respective jobs of closing sales and segmenting the marketplace.
 - b. Define the criteria what that constitutes a qualified sales lead
 - c. Define the criteria for distributing a qualified sales lead; the faster a lead gets to the ultimate lead owner, the better.

3. Document and utilize a consistent Sales Methodology. Without a clearly defined sales methodology, sales representatives lack a common framework and language for assessing opportunities. For example, sales representatives in one geographic region may have a very different understanding of a “qualified opportunity” or “80 percent chance of closing” than the representatives in another region. Additionally, some representatives may have a tendency to be either overly optimistic or pessimistic. As a result, even small differences of opinion or judgment within a sales team can negatively impact the accuracy of the sales forecast.

By implementing a clearly defined sales methodology, organizations can eliminate inconsistencies in the way information is entered into a sales forecast and greatly increase overall forecast accuracy.

4. Define a suite of management reports that:
 - a. Provide management with the information they need to make better business decisions. Reports should address both sales and marketing performance. For Sales, it is critical to create Sales Activity as well as Pipeline and Forecast reports. For Marketing, it is important to create reports that track the Return on Investment (ROI) for each marketing activity.
 - b. DO NOT overburden the sales rep in providing the information to complete the reports; the less information required from sales, the more likely they will be to provide it.

Additionally, the use of Excel spreadsheets seriously inhibits the implementation of a closed-loop Sales Lead Management system. It typically is an off-line system that lives on each sales person’s C-drive and often breaks the link between the inquiry lead source and the current sales status at the account. Once this happens, it is almost impossible to track Marketing program ROI. And we know that many of our respondents use Excel for forecasting. In this last question, 21.7% of the small companies use Excel but an astounding 52.4% use nothing for sales forecasting.



How do companies compile forecast reports?		
Excel	31	21.7%
SFA	20	14.0%
Combination	9	6.3%
No Formal Process	75	52.4%
Other	8	5.6%
Total	143	100.0%

What we have found in this study may give you a reason to reevaluate how you are managing the inquiries for your company. Are you getting the most from your SFA/CRM systems? Are your salespeople properly trained? Does marketing know how to forecast an ROI and request the reports needed to spend the company's money on the best lead generating campaigns? If not, it's time to go to work. There is a growing library of articles and white papers on the Sales Lead Management Association site from many industry experts. You can go to the "Ask the Experts" list and email them with your questions.

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Author Biography

Mark L. Friedman is an experienced, results - oriented executive with over 25 years of proven success in managing Sales, Sales Lead Management, Telemarketing, Marketing and Customer Service. Notably, world-renown consulting giant Accenture and the Distribution Research and Education Foundation have recognized one of his programs as a Wholesale Distribution Industry Sales “Best Practice”; the program overview was published in “Maximum Sales Velocity: How to Build a World-Class Sales Organization” by David P. Woodrow.

Mark possesses the ability to assess a company’s current Sales Chain and make recommendations for dramatically improving sales results and productivity while providing the infrastructure to determine ROI for each Marketing activity. Among his accomplishments was revamping a moribund program generating a mere \$175,000 in revenue per year and increasing the “top line” to over \$113 Million in 3 years. Additionally, he has increased sales volume by over 50% in call center environments at several companies by integrating Out-Bound Telesales capabilities with the In-Bound Customer Service group. Mark has proven that he is a high-energy achiever and team builder in an often – neglected area.

His articles on Sales Lead Management have appeared in Network World, Sales and Marketing Excellence, Sales and Service Excellence magazines, the PMMI Newsletter and MHEDA Journal.

Mark is the founder of The Velos Group, a partner of Cerius Consulting Group and co-founder of the national Sales Lead Management Association. Additionally, he is the Sales Lead Optimization Expert for Optimal Thinking.com.

Mark is a Vistage Expert Speaker and has spoken at national events, such as the PMMI (Packaging Machinery Manufacturer’s Institute) Marketrends conference, the 50th annual MHEDA (Material Handling Equipment and Distributor’s Association) conference and the CGNA (Controls Group North America)

conference about Sales Lead Management and the value of Sales Force Automation/ Customer Relationship Management software.

Sales Lead Management Association (SLMA)

In order to help businesses manage their sales inquiries, the SLMA website provides a library of articles on the subject of sales lead management.

The association's co-founder and executive vice president, Mark Friedman, said, "The SLMA provides best practices for marketing and sales management, such that the marketing dollars put at risk have a predictable rate of return." James W. Obermayer, co-founder adds, "This association is meant to improve the management of inquiries by providing the latest information from end users, consultants, vendors, customer relationship management (CRM) companies, telemarketing contact centers, and fulfillment companies.

We actively seek and post content and news that educates and informs our membership on all topics related directly to sales lead generation, management and fulfillment."

ⁱ Inquiry Handling Service Inc., was founded in 1966 by Mike Simon in Los Angeles, CA., and purchased by Harte Hanks in 1996. Simon is credited with creating the category known as inquiry management.