Not all Leads are Created Equal – the Value of Lead Scoring
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We all know by now that we need to train everyone in the Sales and Marketing organization to follow up on all qualified leads quickly and efficiently. But we also know that not every qualified contact is going to make a decision at the same time and that some leads represent larger revenue potential than others. Additionally, not every contact is the decision maker.

So what is the best way to communicate how hot, how big and high up the decision making tree the sales lead represents? The answer is to implement a lead scoring methodology and create either a numerical score or a Lead Quality Code that is universally recognized and understood throughout the Sales and Marketing organization. For those companies selling through indirect channels, each channel partner needs to understand what the lead score and Lead Quality Code represents as well.

Lead scoring is a method of classifying a sales opportunity by either assigning points or creating a Lead Quality Code based on responses from qualifying questions. Since every company is unique in the way they approach their sales process and the markets in which they compete these scores need to be customized in order to provide optimal value to the organization.

What is the value of lead scoring?

1. Lead Scoring can help determine whether the lead should be forwarded to Sales or to a reseller, retained for cultivation/nurturing, or not pursued at all.
2. As qualified leads are sent to sales, they will have a better way to prioritize their follow-up activities.
3. Decisions can be made regarding the most cost-effective way to fulfill these inquiries. Once qualified, the lead score or Lead Quality Code can be used to determine which leads should be sent email responses, CDs, or more expensive catalogs or full-literature packs. This will reduce costs and still allow fast response to all inquiries.
4. Lead scoring enables a company to track the number of inquiries from a marketing program plus the number of qualified leads as well as the timeframe and revenue potential of these leads. As more information is tracked over time, the marketing department can evaluate which activities are generating the best leads and which activities need to be expanded, modified or eliminated.

Lead Scoring can be relatively straightforward and incorporate just a couple of key criteria, which produces a Lead Quality Code or it can be much more sophisticated and complex. We will examine both approaches below.

1. Creating a Lead Quality Code

We worked with a client who specialized in providing moving services to corporate clients. We set up the following Lead Quality Code approach which based the Revenue Potential on the estimated number of annual corporate Moves/Adds and Configurations. The results looked like this:

Decision Timeframe	Revenue Potential
A = 0 – 3 Months	1 = 500+
B = 4 – 6 Months	2 = 350 - 499
C = 7 – 12 Months	3 = 250 - 349
D = 13+ Months	4 = 100 - 249
	5 = 25 – 99
	6 = 1 – 24

The Lead Quality Code in this case is a combination of these 2 digits, for instance, an A3 or B2.

2. Establishing a Lead Score

As a company's lead scoring requirements become more complex, it is best practice to design a system that produces a numerical value, above which identifies a lead as qualified and ready to distribute to sales. Lead score ranges can also determine whether to send a lead to the company's Field Sales organization, Inside Sales or to a reseller/channel partner. The lead score can also determine whether to pursue the opportunity or to not pursue it.

Here are the recommended steps to establish a lead score:

 Step 1: Identify those key qualifying criteria that identify the best leads (ones that typically result in actual sales.) For instance, Budget Approved, Industry, Company's Employee Size, Product Interest, Installed Systems information, Identified Need, Decision Timeframe, Revenue Potential, and Decision Role of Contact.

Step 2: Identify the relative importance for each criterion and assign a maximum number of points for each one.

Step 3: Within each criterion, assign the number of points for each response received

Step 4: Determine a total score and range that would determine whether a lead should be sent to sales, kept in marketing for further nurturing or not pursued.

The results might look like this:

Active Project: Total Possible Points: 30

Response	Number of Points
Yes	30
No	0

Budget Approved: Total Points Possible: 25

Response	Number of Points
Yes	25
No	0

Number of Networked Devices: Total Possible Points: 20

Number of Devices	Number of Points
1,000+	20
500 – 999	18
250 – 499	15
100 – 249	8
50 – 99	5
1 – 49	2

Project Timeframe: Total Possible Points: 15

Timeframe	Number of Points
0 – 3 months	10
4 – 6 months	15*
7 – 12 months	5
13+ months	0

* We often find that when an immediate decision timeframe is indicated, a vendor has already been selected. The odds of closing the deal are greatly diminished. When the contact reveals a decision timeframe in the next range, sales often has more of an opportunity to gain a better understanding of their buying criteria and potentially shaping them to their company's advantage. The odds of closing the deal are then greatly increased.

Decision Role: Total Possible Points: 10

Decision Role	Number of Points
Decision Maker	10
Recommender	5
Member of Team	2
Information Gatherer	0

The maximum number of points is calculated; in this example, it is 100. Sales then would identify the point at which a lead is considered qualified and sent to them, kept in marketing for further nurturing and which ones were not pursued. The scoring approach is then communicated to all sales (including reseller/channel partners) personnel who might receive the qualified leads.

Many other criteria may be used, based on your company's unique requirements. This approach should remain flexible so it can be applied to different product lines or vertical markets, again based on sales input. Additionally, it is important to revisit the scoring approach each year or whenever market conditions indicate a change.

Conclusion
The value of this exercise is that marketing now has a clear idea of sales' expectations regarding which leads should be sent to them. In addition, sales are now assured that the leads sent to them fit their requirements and they are much more committed to following up on them as well as providing feedback to marketing regarding their sales status. Beneficially, marketing can gather valuable information on which programs are generating the best leads and ultimately the most sales.

When this happens, a company will experience increased sales results, higher sales productivity and an ability to allocate their scarce marketing resources to those programs that are working best for them.

About the Author
Mark Friedman is an experienced, results - oriented executive with over 20 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 outstanding 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 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.