When Is a Lead Not Really a Lead?

Why some lead generation programs work…and others, not so much.

Ask three sales managers what they consider a lead and you're likely to get three different answers. Is it a business card tossed in the fish bowl at a trade show? A magazine ad you looked at pulled out an ad for a likely looking prospect? Someone who downloads your company's white paper? The answer is important because, ideally, when a lead is handed off to the sales team it spurs some kind of action. The kind of action (or inaction) it spurs depends largely on how valuable or qualified the lead is.

Lead generation programs are a dime a dozen. Effective lead gen programs are few and far between.

One common denominator of every effective lead generation program is that, before generating a single "lead," they define an **ideal prospect profile**. The truth is every customer is not created equal. Some are a great fit for your product or service – they need what you offer and are willing to pay a mutually beneficial price for it. Others may suck up time and resources with endless calls that, if they result in an order at all, deliver a very low ROI based on the time and effort your sales team had to invest to convert them. Bottom line: pursuing inappropriate leads comes with a high opportunity cost.

The challenge is in knowing how desirable a prospect is before your sales team spends valuable time working them. You can't always know 100% up front, but you can move the odds significantly in your favor by understanding your ideal customer – and making sure your team understands as well. If you asked your sales team right now what your ideal customer looks like, would everyone know the answer? If not, your first step is defining your ideal prospect and communicating it to your sales team.

Your discussion should include many, if not all, of the following criteria:

- Customer Type (OEM, End User, etc.)
- Specific Industry/Market
- Job Titles
- Sales $ Potential
- Ability to Buy
- Timing for Purchase

Another way to go at this is to look closely at your most profitable customers – what do they have in common? What titles are you calling on there? What size is the company and exactly how do they use your product?

By defining your ideal prospect profile and making sure everyone understands it, your organization will avoid wasting time collecting contact names just for the sake of feeding your database, and start using it to streamline where to cast your net for leads, to classify potential lead and to measure effectiveness of your lead generation program as well as general sales effectiveness.

What you are going to consider a lead?

It might be helpful at this point to define common terms so there is no confusion about exactly what counts

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as a lead. Your marketing support programs and budgets are significantly different depending on which of these definitions you select. Also, keep in mind the action or inaction of your sales team will vary depending on your definitions.

CONTACT NAMES: These names can be supplied by a publication, list vendor or in some cases, you may get these names as a no-cost benefit when you purchase a space advertisement. Either way, what you have is a name and some contact data. The person has not expressed a specific interest in your company, nor do you know if he/she has a need for your products. It is just a name and company that might potentially fit your Ideal Prospect Profile.

Expected result if this is your definition—Marketing should acquire contact names for the lowest cost possible and evaluate sources strictly on a cost-per-contact basis. Sales will likely invest little to no time on these names because they have a very low likelihood of moving them into the sales funnel.

SUSPECTS: This person has some interest in your company. Contact data was received as a result of a specific indicator of interest in your product, or an offer like a white paper or catalog. Suspects are not leads, but they may develop into a prospect or qualified prospect.

Expected result if this is your definition —Marketing still has to keep the cost of acquiring suspect names as low as possible, but must also to focus efforts on methods that create more suspects/higher-quality contacts. Sales will be more interested in this information because the person has expressed interest in their offering. Adding a pre-qualification process, such as telemarketing, prior to sending suspect names to sales will contribute to the sales team engagement, shorter sales cycles and more sales. Weigh the additional costs associated with telemarketing or other pre-qualification methods against having your sales team spend valuable time qualifying suspects. Also be sure to create a closed loop processing system (feedback from the field) to validate results and ensure you're investing in the best overall contact name options.

PROSPECTS: This person may have started as a "Suspect" and appears to meet your Ideal Prospect Profile. Your sales team or telemarketer has likely gathered this information via a phone call or face-to-face meeting, or perhaps the person "self-qualified" by answering a question or two when registering on your website or to receive a special offer.

Expected result if this is your definition —Marketing still works to keep the cost of acquiring the names as low as possible and obtaining higher quality contacts. In addition, marketing needs to develop a well-defined plan to do all they can to determine that the person/company meets the Ideal Prospect Profile. Sales will be excited to receive and work these opportunities. These names are high quality and expectations are that the majority will move to being sales ready (aka a Qualified Prospect). When a sales organization receives this level of opportunities on a regular basis, not only will sales go up so will the sales team morale, resulting in lower turnover and all the organizational benefits lower turnover delivers. For sure be committed to creating a closed loop processing system (feedback from the field) to validate results and ensure you're investing in the best overall contact name options.

QUALIFIED PROSPECTS: These are the highest quality leads – the best of the best. They meet your Ideal Prospect Profile and have expressed an interest in your company. They are ready to enter the sales funnel and for sales to engage moving towards an RFQ.

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Expected Result Expected result if this is your definition —Sales will jump on these as soon as they are received. Marketing and Sales Management can expect the demand for this type of opportunity to be the topic of every sales meeting or performance review. The sales team will want more! At the same time Sales management should demand 100% feedback on every lead and what it will take to close.

Summing it all up.

Finding the right lead generation program for your company depends on a variety of factors: your product offerings, sales cycles, budgets, revenue goals, sales team and marketing resources to name a few. However, doing the groundwork first (e.g. defining an ideal prospect profile) is crucial to implementing a successful lead generation or sales support program for any and every company. Set your sales team up for success so they can spend their time doing what they do best – selling – instead of cold calling, prospecting and qualifying.

L&P has the staff and experience to create an effective lead generation program for you.

We can also tailor this program to fit your needs.

Longren & Parks Inc.* • *www.longrenparks.com
Steve Longren • 612.961.4559 (text ok) • steve@longrenparks.com • https://www.linkedin.com/in/stevelongren
John L. Reilley • 818.207.7175 (text ok) • john@longrenparks.com • https://www.linkedin.com/in/johnlreilley