CSO Insights
Measuring Sales & Marketing Effectiveness

Sales Performance Optimization Study
2014 Find More Analysis

Underwritten by: Velocity
Acknowledgments

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Table of Contents

2014 Sales Performance Optimization Study Introduction ............................................................... 1
2014 Sales Performance Optimization Study Find More Analysis Introduction ................................... 1
Do sales and marketing have an agreed-upon definition of a qualified lead? ..................................... 5
What percentage of total leads come from sales, marketing, and other sources? ................................. 7
Do you use commercial sales intelligence or sales analytics/big data service providers? ....................... 9
What percent of qualified leads result in an initial customer discussion? .......................................... 11
Assess sales’ performance in their ability to prioritize accounts to focus selling efforts. .................... 13
Assess sales’ performance to identify trigger events that indicate a likeliness to buy. ......................... 15
Assess sales’ performance to develop sales strategy plans for key accounts. ................................ 18
Assess sales’ performance to thoroughly research prospects prior to a call. ..................................... 20
Assess sales’ performance to properly qualify and prioritize opportunities. ..................................... 22
Assess sales’ performance to incubate promising leads for the future. ....................................... 24
Current Research Studies by CSO Insights .................................................................................... 26
About CSO Insights .......................................................................................................................... 26
2014 Sales Performance Optimization Study Introduction

The data used for this analysis were gathered as part of CSO Insights’ 20th annual Sales Performance Optimization (SPO) study. As part of this research effort we surveyed over 1,200+ companies worldwide, collecting information on over 100 sales effectiveness related metrics. A detailed breakdown of the survey participants can be found in the introduction to the 2014 Sales Performance Optimization Key Trends Analysis Topical Report.

The following graphs reflect the aggregated results from the study participants. Advisory Services clients seeking segmented responses based on factors such as industry, company size, country, complexity of sales process—virtually every metric in the study—may obtain this information by contacting their CSO Insights Analyst.

2014 Sales Performance Optimization Study Find More Analysis Introduction

In the 2014 Sales Performance Optimization (SPO) Study Key Trends Analysis, we highlighted the top objectives sales executives set for 2014. Revisiting that list, we clearly see that the issue of Find More is top of mind for many organizations, as Capture New Accounts and Optimize Lead Generation are two of the top three objectives for sales organizations.

Reflecting back to our most recent Lead Management Optimization (LMO) study, we found that marketing is onboard with sales in regard to focus and objectives. Nearly 84% of the marketing organizations that participated in the 2013 Lead Management Optimization survey also stated that increasing new customer acquisitions was their top priority for the next twelve months.

But knowing what your company wants to do and actually doing it are proving to be two different agendas. After an in-depth review of the 2014 Sales Performance Optimization study data, a
critical success factor started to emerge regarding how to increase a company’s success rate regarding Find More. While many firms believe they have a lead generation challenge, another factor to consider is whether these companies have a conversion management problem. This is a concept we have written about before, and based on the study findings, it is clearly worth revisiting. If the term conversion management is new to you, for us, it represents the missing link we have witnessed from participating in numerous sales and marketing alignment discussions.

Sometimes the best insights start as a joke. In facilitating a meeting with marketing and sales executives at a high tech manufacturing firm, the focus of the conversation centered on the challenge of filling a sales territory pipeline. Marketing articulated the process they had in place to create leads. Sales profiled the process used to create a sales strategy for pursuing new opportunities. But, when asked to explain how the lead became an opportunity, and after a period of silence in the room, one of the planning session attendees quipped, “A miracle occurs!” The following diagram provides a framework around the dynamics that are occurring (or not occurring).

While we might want to believe in miracles, over the years we have found the “miracles strategy” is hard to sell to the CEO or the Board. But, in fact, while session attendees couldn’t articulate it at the time, what was occurring was not a miracle; it was a process. That is what we began to refer to as conversion management.

**Conversion Management:** The process *someone* (marketing, telemarketing, telesales, or field sales) utilizes to convince the prospect that they need to meet with a salesperson—thus creating an opportunity.
Sales Performance Optimization Study

2014 Find More Analysis

A decade ago, conversion management wasn’t much of an issue. If a prospect wanted to know about a product, they had to agree to talk with a salesperson. Why? Because the sales rep was the keeper of all product knowledge—product specifications, benefits, pricing, references, and more. But over the last several years, companies have opened access to product information to prospects and customers via the internet. Websites are now rich with product information, available 24/7, and accessible anywhere in the world. In addition, social networking has opened up a number of new ways for potential buyers to get feedback on products and services from other customers. Here, again, sales is not in the loop.

These trends have created benefits for clients but are a challenge for sales. Today when sales is invited to the party, chances are that the prospect is already well versed about the products or services they are interested in buying. When they ultimately contact a vendor by registering at their website, calling a toll free number, or attending a seminar/webinar, they make themselves known as a “lead.” The need to talk with a salesperson is diminished when the rep’s discussion is limited only to the product. The prospect already knows basic product knowledge; they want to take the conversation to a deeper level.

To facilitate these interactions, the individuals chartered with the new task of conversion management need to understand the market conditions causing companies to seek solutions that will achieve gain or remove pain. They need insights into the needs of key stakeholders who will be involved in evaluating solutions and details into what other firms in the prospect’s market are experiencing. Without these, they will be hard pressed to convince a prospect that a salesperson brings enough information to the table, over and above product knowledge, to warrant a meeting to discuss their issues further.

Yes, conversion management is adding to the complexity of selling, and yes, it will require new investments to address this challenge. But, consider the cost of doing nothing while watching conversion rates remain low. If companies do not give salespeople enough opportunities to pursue, they are adding to the challenges reps are facing in selling in a turbulent environment. The Lead Management Optimization study shows that marketing budgets are not increasing significantly. Based on this, generating more leads will not be an alternative for many firms. Therefore, sales organizations need to determine ways to optimize conversion management in 2014, or be prepared to see their sales teams significantly underperform as a result.

In the following analysis, we will explore strategies and tactics sales organizations should explore to optimize their ability to not just get more leads into the hands of reps, but also to turn those leads into real opportunities to be won.
After reviewing the findings, Advisory Services clients should feel free to call their CSO Insights Analyst to schedule a briefing to discuss the potential changes your company may want to explore in relationship to people, process, technology, and knowledge in order to increase your performance to Find More.

Jim Dickie  
Managing Partner  
CSO Insights  
(303) 521-4410  
jim.dickie@csoinsights.com

Barry Trailer  
Managing Partner  
CSO Insights  
(916) 712-9621  
barry.trailer@csoinsights.com
Summary of Findings

Former New York Yankee’s catcher and everyday philosopher, Yogi Berra, once observed that, “If you don’t know where you are going, you will probably end up somewhere else.” That can easily be paraphrased for sales—if you don’t know what types of prospects you are looking for, you’ll probably end up with something else. Let’s start the Find More Analysis by reviewing how companies are handling the task of defining what success looks like in generating high quality leads.

When we started tracking this metric in 2011, we found that 43.5% of the firms had a formal definition of a qualified lead, 32.9% an informal definition, and 23.6% did not have a definition at all. Above, we see that those numbers continue to shift toward the formal camp, albeit slowly. As we will reinforce often in this analysis, generating leads is not the end game of Find More; it is generating real opportunities for sales teams. Let us share our lead conversion rates learnings when we segmented the 2014 Sales Performance Optimization study data based on which of the above three segments companies fell into.
Looking at the table, as firms move from No Definition to Informal Definition, there is an increase in the lead to first discussion conversion rate. Another increase is seen when companies move to a Formal Definition. So, investing the time to go through this process seems to have a solid pay back. What can a company do to optimize their efforts in this area? One strategy that pays dividends is defining your perfect prospect profile (P³).

For decades, companies have collected data in their CRM and other corporate systems about sales successes and failures. A software company shared that they now regularly analyze their CRM and corporate data looking for attributes of great, average, and poor prospect fits. The first time they went through this exercise insights surfaced immediately.

For example, of all the people in the C-suite within their prospect firms, they had the best win rates when they were talking with the CFO. Next, of all the problems a CFO might have, the one they solved the best was helping them deal with budget roll-ups involving multiple currencies. They also found that it worked in their favor if the prospect firm had a weak IT group and used Oracle as the underlying database.

Through this analysis, a variety of scenarios emerged that were used to formulate the company’s definition of a high quality lead. This could be dovetailed with marketing’s lead scoring process to ensure that sales received leads that were highly qualified. The firm now uses a sales analytics application that reviews the sales data on a quarterly basis and identifies trends from current wins, losses, and no decision rates that help them fine-tune the definition of a good lead as changes occur in their marketplace.

For a template on how to start your own perfect prospect profile analysis, Advisory Services clients should contact their CSO Insights Analyst.
Key Findings

- With reps still generating many of their own leads, new skills are needed.
- The need for better sales and marketing alignment is recognized.
- Referrals and customer support are viewed as lead sources by more firms.

Summary of Findings

We asked the Sales Performance Optimization study participants to identify what percentage of deals that closed came from the four groups highlighted in the chart. Let’s start with the biggest piece of the pie.

Again this year, the heavy lifting of lead generation continues to fall on the backs of the sales force. To support their efforts, there is an increase in the number of companies providing salespeople with education on how to use social networking (LinkedIn, Facebook, Twitter, etc.) to help their prospecting and selling efforts. Our initial reviews found that significant improvement is needed to train reps on how to use various social networking applications. However, we have documented some successes. A case in point is an interview we conducted with Liz Gelb-O’Connor, Senior Executive for Strategy and Innovation at ADP, for our Sales Management 2.0 eBook, Volume 10. Companies seeking more information on how sales can leverage social networking should read how Liz and her team are using social networking to find and sell more.
Sales Performance Optimization Study

The second largest number of leads is coming from marketing. We asked sales executives taking part in this study to “grade” marketing’s lead generation performance. Only 33.4% gave marketing a passing grade on lead quality, and the number dropped to 27.8% when asked about lead quantity.

In our Sales Management 2.0 eBook, Volume 9, we interviewed Mark Roberge, Senior Vice President of Sales and Services at Hubspot. While we recommend reading the full interview, here are some thoughts Mark shared on how to improve sales and marketing alignment:

"It’s an old joke: Sales complains that ‘these leads suck’ and marketing just says ‘No, you suck’. But it's no joke; in many companies, this is the bleak reality of what's going on. To get past this at HubSpot, we borrowed a page from the IT world’s playbook and adopted a Service Level Agreement (SLA) approach. The goal is to get away from subjectivity and determine how to quantify and define exactly what each side—marketing and sales—is promising to deliver to the other.

So what is marketing going to deliver to sales on a daily, weekly, monthly, and quarterly basis? And what is sales going to deliver to marketing on a daily, weekly, monthly, and quarterly basis? In our early days, we made a few mistakes in defining these deliverables. But that's to be expected. And with time, we really think we found a nice, workable strategy that keeps both sales and marketing happy, and that's actually been revolutionary for the company.

CSO Insights is starting to focus on two other areas where companies can turn to find more leads. The first is referrals from existing customers. We benchmarked several projects earlier this year where sales organizations implemented formal programs to ask their current customers to be advocates for them in the marketplace. We are also reviewing CRM 2.0 tools designed to manage these types of efforts. The early results show that many customers are willing to help vendors open new doors. Learning more about how to leverage this resource is highly recommended.

Finally, we see customer support taking a more active role in demand generation. A total of 39.1% of the firms surveyed informally pass leads to sales and another 19.3% have a formal program for services to pass leads to sales. As more companies look to reorient their call centers from purely service to a blended services/sales model, we expect to see more leads coming from customer support."
Sales Performance Optimization Study

Key Findings

- Sales teams rely on sales intelligence (SI) services to help research accounts.
- Levels of information provided by SI services vary widely.
- Sales analytics/big data are starting to help identify qualified prospects.

Summary of Findings

As noted in the introduction, lead generation needs to be followed up by solid conversion management. There are two resources organizations turn to in order to support this effort. The most established of these is to leverage sales intelligence (SI), with 58.3% of the survey participants reporting their salespeople leverage at least one, and often more of these services. The reason SI is becoming a must-have for salespeople is that they need to earn the right to have a prospect agree to let them be part of their buying process. This means reps need to do their homework before they make that first call to try to get into the game.

To explore the power SI can deliver to sales, we previously released a report on Leveraging Sales Intelligence to Advance Relationships. In this analysis, we presented the following ten questions that prospects expect reps to know the answers to before they engage with them. If the salespeople can’t answer them, firms should do an evaluation of how SI services can help support this type of account research.

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• Do you know me and my challenges?
• Do our firms have a past relationship?
• Do you know my marketplace?
• Do you know my company?
• Do you know my competitors?

One observation needs to be made before we move on. Study participants collectively cited twenty-four different SI services. In analyzing the responses to the follow-up question, “What impact does SI have on your sales performance?” it became clear that certain services are more useful than others. The key take-away is to invest the time to thoroughly research your options.

We previously published a mini-study on the use that sales analytics/big data have in supporting selling efforts. In tracking this emerging trend, we are now seeing this technology being used in the Find More stage to help identify not just what accounts to target but why.

We asked the 13.4% of firms that have experience in this area to share how they are using these tools. The following chart summarizes their responses. Our benchmarking efforts have been documenting examples of each of these use cases and show that deep analysis provides sales teams with key prospect insights they could not have easily obtained otherwise.
Summary of Findings

We are starting to see publications ask the question, “Do we really need salespeople anymore?” Comparing this chart to the data from the 2013 Sales Performance Optimization study, there is a trend that may be contributing to that speculation. The percentage of companies with a ≤50% conversion rate increased from 43.3% last year to 49.8% this year. If salespeople can’t get in the game, how are they going to win it?

Our research over the past year surfaced two trends that seem to be at play. The first is related to the process used to determine the definition of a qualified lead. As part of our 2013 Lead Management Optimization study, 35.8% of the firms surveyed had no lead scoring process, 38.8% had an informal process, and 25.5% had a formal process. A deeper analysis into the data showed that when companies went from no scoring to informal, or from informal to formal scoring, the following activities occurred: the number of leads marketing sent to sales decreased, sales’
subsequent follow-up rate of those leads went up, and the conversion rate of leads to first discussions increased. This would support the case for investing in a lead scoring process.

The second trend that emerged is the types of conversations reps have when initially contacting a prospect. To help salespeople have more meaningful conversations with clients, we see increases in investments for customer marketplace training for the sales force.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Lead Conversion Rate: 51% - 75%</td>
<td>23.4%</td>
<td>21.5%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Lead Conversion Rate: &gt;75%</td>
<td>18.3%</td>
<td>27.7%</td>
<td>28.6%</td>
</tr>
</tbody>
</table>

Helping salespeople move beyond just talking about their products and/or services to further linking those offerings to specific challenges or opportunities their prospects are dealing with can help increase the likelihood that your company will be included in the conversation. Since lead generation budgets are not significantly increasing, sales needs to look for ways to make the most of the leads they currently have.

Another factor that shows promise for opening doors is the use of references early in the sales process. A European medical products company shared how they produced a series of video interviews with existing customers on how they used the vendor's products. Prior to making that first phone call to the prospect, their sales teams sent emails letting the prospect know they would be calling and included a link to a video testimonial for them to review prior to the call. Seeing feedback from their peers is also helping reps earn credibility in the eyes of those potential clients.
Key Findings

- Becoming more effective at Find More starts with knowing who to pursue and who to avoid.
- Leveraging metrics can be an aid in determining which accounts to focus upon.
- Firms that excel at prioritization have more wins at the end of the sales process.

Summary of Findings

While taking part in a sales kickoff meeting with a research client a few years ago, we had the opportunity to attend their sales force recognition dinner. The ceremony ended with the Salesperson of the Year Award being given to a relative newcomer to the sales team. When the CEO asked the salesperson what the key contributors were to her success, the first one she shared with the group was, “I never try to be all things to all people, but I do try to be all things to all important people.”

In searching her out after the formal part of the program, we asked her to expand on that comment. She shared that she did a lot of work at the front end of the sales process to identify whether an account in her territory was worth pursuing. She said her focus was not just on deciding who she wanted to talk with, but also to determine why they would want to talk with her. When she saw a win/win in that regard, those accounts became very important to her, and they were the ones on which she focused the majority of her efforts.
As part of CSO Insights’ *Sales Management 2.0 eBook Series*, we published an interview with Kevin Joyce when he was Chief Sales and Marketing Officer at Miranda Technologies. Kevin shared the following on prioritizing selling efforts based on the use of metrics for his entire sales force:

> Let’s say that marketing analyzes the marketplace landscape and sees that we have three competitors vying for deals against us. Against competitor A, the lead player in the market, we lose 75% of the decisions. Against competitor B, we split the deals 50/50. And finally, against competitor C, we win 75% of the decisions.

Your ego may tell you that you need to go toe-to-toe with the market leader, competitor A. But that is the wrong choice. Because we have a finite amount of time and a finite amount of resources, it is far more valuable for us to focus on competitor C than on competitor A. Here is why. Our goal is to gain market share, and we can do that very effectively by targeting competitor C for a while as we continue to refine how we are going to beat competitor A.

So we have two examples, one at the sales rep level and one at the CSO level saying the same thing: choose your battles wisely. Let us share some numbers to support that advice. We segmented the study data based on ability to prioritize effectively and then looked at the end results that came out of the sales process. The following table summarizes these findings:

<table>
<thead>
<tr>
<th>Win Rates by Account Prioritization Effectiveness</th>
<th>Prioritization: Needs Improvement</th>
<th>Prioritization: Meets Expectations</th>
<th>Prioritization: Exceeds Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win Rates: % of Forecast Deals</td>
<td>44.7%</td>
<td>48.8%</td>
<td>55.5%</td>
</tr>
</tbody>
</table>

These findings are consistent with those previously published in our 2013 Proper Prioritization: Optimizing Revenues report. We initially found that the Meets Expectations group had fewer competitive losses than the Needs Improvement. Also, the Exceeds Expectations group had fewer competitive losses and fewer no decisions than the Meets Expectations.
Key Findings

- Few companies are mastering the use of trigger events for sales analysis.
- Leading edge sales intelligence services can help with this task.
- Analyzing internal and external data can surface key sales triggers.

Summary of Findings

It is clear to many buyers how to use technology to learn about vendors and their offerings, but it is less clear that vendors have figured out effective ways to learn about potential buyers.

As seen in this chart, only one in twenty firms have mastered trigger events to surface insights into potential buying behavior.

Many firms that use trigger events in sales are looking for useful, but often simple things. If your company sells sales training, sales may configure triggers that look for new CSO hires. If selling office equipment, sales reps may want to be notified when a new building permit is issued in their territory. If sales’ focus is on selling investment services to high net worth individuals, tracking M&A activity could surface prospects. We have benchmarked organizations that are highly effective in leveraging trigger events and have a deep understanding of what triggers can do for their business.
One example is a medical products firm. They implemented a project which leveraged big data to identify potential prospects. Once they identified their perfect prospect, they used big data again to find the companies that met their criteria. They did this analysis in a two-phased approach. First, they used their existing customer accounts for big data to conduct the analysis. They then pointed their big data application at external data sources. The combination of these two data sources found a key insight where a noticeable number of their current clients were publishing articles in professional journals on related topics. Additional research found their devices were great at supporting these types of research efforts.

Having identified that as a valid buying indicator, they then pointed the big data engine toward identifying all other institutions doing similar research that were not yet customers. By going through this process, they were able to uncover their buyers’ digital body language that was available from the web but was not available/apparent without this type of analysis. Furthermore, this intelligence surfaced more of the “right” people to talk with and armed sales with a valid business reason for why the buyer should agree to have a conversation.

A second type of digital body language companies can track from trigger management technology is emerging from analyzing social media feeds. Going back to our Sales Management 2.0 eBook Series, we conducted an interview with sales and business intelligence expert, Phil Garlick, who shared the following:

The social media phenomenon represents another emerging information source, and we in the BI space need to figure out new methods of data collection to effectively leverage that knowledge asset. That is why, for example, our development team is focused on new methods to scrape, if you will, data from sources like Twitter, blogs, Facebook, etc.

Here are a few examples to illustrate how mining social media can uncover opportunities for sales reps. Let’s say a manager of a company ‘tweets’ that they are attending a computer security conference and is interested in the session on blocking spam emails. If your firm sells email firewalls, your sales person would want to contact this manager. Or if someone blogs that they are dissatisfied with one of your competitor’s level of service, this would be a perfect time to reach out to them about how you could more effectively solve their problem.
Again, if you are leveraging or planning to evaluate sales intelligence or big data services, make sure you fully understand their capabilities around trigger event management and social media insights mining. Your CSO Insights Analyst can share existing user ratings on the various services available.
Sales Performance Optimization Study

2014 Find More Analysis

Key Findings

- While sales management rates strategic account planning high, results are low.
- As sales process formality increases, so does strategic planning effectiveness.
- CRM 2.0 capabilities can help reinforce/enforce plans that turn into real activities.

Summary of Findings

As part of our annual Sales Management Optimization study, we asked sales management how important it is to develop strategic plans for their key accounts in support of their sales organization’s success. A total of 44.6% rated effective account planning as mission critical, while another 43.7% rated it as very important. In the chart above, knowing the importance of strategic account planning to excel at this aspect of selling is not being translated into actually doing it. Nearly half of the firms surveyed rated this as an area where they needed to improve their performance.

Two trends surfaced when analyzing the firms that are successful in account planning. The first is the impact that a formalized sales process can have on account planning effectiveness. As we discussed in the 2014 Sales Performance Optimization Study Key Trends Analysis, there are four levels of sales process that companies tend to gravitate toward: Level 1 – Random Sales Process, Level 2 – Informal Sales Process, Level 3 – Formal Sales Process, and Level 4 – Dynamic Sales Process. The following table shows the results when segmenting the study

Assess sales’ performance to develop sales strategy plans for key accounts.

<table>
<thead>
<tr>
<th>Needs Improvement</th>
<th>Meets Expectations</th>
<th>Exceeds Expectations</th>
<th>Do Not Know</th>
</tr>
</thead>
<tbody>
<tr>
<td>48.2%</td>
<td>37.1%</td>
<td>12.1%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>
data by process level and the ratings for account planning effectiveness. This helps build the case that the more structure you have around sales, the better they will execute.

One knock against account planning is that it takes a lot of effort, but the second trend we found is that CRM 2.0 is changing this disadvantage. Natick, MA-based MathWorks, the leading developer of mathematical computing software, shows the power of leveraging technology to support account planning as they successfully adopted a technology-enabled account planning process. MathWorks products are used in the automotive, aerospace, electronics communications, and industrial automation industries, as well as in more than 5,000 colleges and universities worldwide. Technology procurement is considered a strategic decision for the MathWorks customer base of scientists and engineers. As a result, MathWorks requires effective strategic account planning to ensure they are fully aligned to meet or exceed customer expectations.

Bill Chase, Director of Sales for the Americas, was asked to lead an initiative to identify and implement a more effective process for developing and implementing territory and account plans. Bill’s team used an account planning CRM solution to optimize the creation of account and territory plan maps. Everything about the rep’s strategy accounts, down to the email threads between reps and prospects can be attached to the maps. The result is that reps integrated their account plans into their daily workflow. Bill shared that as a result of this integration, “Territory reviews and strategy sessions go so much faster than before because the sales reps bring up their account plans where they can quickly get to the information they need.” A list of the CRM 2.0 tools sales forces are leveraging to help design and execute strategic account planning is available from your CSO Insights’ Analyst.
Key Findings

- Continued improvements are seen in account research.
- Sales intelligence services play a key role in effective prospecting.
- Doing your homework is key to lead conversion success.

Summary of Findings

Looking back five years, conducting effective prospect research was a bigger challenge than it is today. In 2009 the Needs Improvement group represented 50.3% of the firms surveyed. That number has continued to drop each year since 2009.

A trend we noted earlier in this report is that sales intelligence services are making research efforts easier for salespeople. In exploring the sales intelligence options available, we found these services come in two flavors.

The first type focuses on providing basic data on prospect firms. This includes company name, revenues, subsidiaries, physical locations, key employee contact information, etc. This is valuable information; however, for many sales teams this doesn’t go far enough to surface the insights needed to increase the likelihood of converting a lead to an opportunity.

Sales intelligence 2.0 solutions are emerging to address the need for access to deeper prospect intelligence. These applications use advanced web crawling techniques and trigger event capabilities to get richer data on prospect firms including key business trends in their industry, information regarding their competitors, challenges they are facing, and
insights into key stakeholders. This information is collected from web searches and various social media sources. The more advanced systems also leverage big data capabilities to mine account knowledge from within internal systems such as a company’s CRM, ERP, and customer support applications as well as external data sources.

As mentioned earlier, 58.3% of firms surveyed utilize one or more sales intelligence services. To the 41.7% of firms that reported they are not providing their sales teams with sales intelligence, let us offer some thoughts on why you should consider doing so. For non-sales intelligence using firms, the mindset may be that if reps need answers, they can simply go to Google to get them. The internet clearly provides access to a wide breadth of information. Websites, social media sites, news feeds, etc., can deliver prospect data.

For example, a salesperson can easily type “IBM” into Google's search engine and it will search for all information on that global company. But, what are the search results? The answer is 463 million web pages that reference IBM. How useful are 463 million pages? How much time would a salesperson need to invest to find the real gold nuggets of information in those 463 million pages that would help them answer key questions about their prospect? Do you really want salespeople to be left to their own devices to search for the intelligence they need to sell effectively in such an incoherent way?

Helping reps conduct an effective analysis on their prospects requires an investment. Here is something to consider. When segmenting the 2014 Sales Performance Optimization study data based on a rep’s ability to conduct research, we found the following differences in lead to first discussion conversion rates. Getting to good and then further getting to great, at this aspect of Find More pays great dividends.

<table>
<thead>
<tr>
<th>Lead Conversion to First Discussion as Related to Ability to Thoroughly Research Prospects</th>
<th>Research: Needs Improvement</th>
<th>Research: Meets Expectations</th>
<th>Research: Exceeds Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Conversion Rates: 51% – 75%</td>
<td>15.2%</td>
<td>27.7%</td>
<td>21.2%</td>
</tr>
<tr>
<td>Lead Conversion Rates: &gt;75%</td>
<td>18.5%</td>
<td>23.5%</td>
<td>36.5%</td>
</tr>
</tbody>
</table>
Key Findings

- Improvements seen in lead qualification; room for more advancements.
- "If you are going to lose, lose early" is proving to be good advice.
- Technology can help requalify accounts throughout the sales process.

Summary of Findings

The ability to effectively qualify and prioritize opportunities has been on a roller coaster ride over the past few years. Back in 2007, the Meets Expectations and Exceeds Expectations figures came in at 37.8% and 7.7%, respectively. The numbers in the chart show a marked improvement, but they are still below the all-time study best in 2011, when the Needs Improvement number was 40.5%.

One of the sales visionaries we included in our hardcover book *The Sales & Marketing Excellence Challenge* was Sam Reese, CEO of Miller Heiman. Sam shared the following insight on losing:

> In today’s market we are deathly afraid of losing deals; we try to do whatever it takes to avoid losing. An interesting question I have been exploring with companies is, ‘What is actually the worst thing that can happen when you lose a deal?’ When you really consider the problem, you realize that only one bad thing can happen when you lose—which is that it takes you a long time to lose.
Taking into account Sam’s observation, as well as the benchmarking work we have conducted in this area, we recommend that sales management is actively involved in the qualification process. A case in point as to the impact this can have on sales performance surfaced when we did a review of Stanley Black & Decker’s sales effectiveness initiative. In 2010 they implemented a new coaching process. One of the outcomes over the next year was that through working more closely with sales teams on assessing the quality of opportunities, the total dollar size of their pipeline decreased by 35%.

An initial reaction might be that this is negative; however, it actually was a positive experience. Because low probability deals were dropped earlier in the sales process, the sales force had more time to spend on better qualified deals. The net result was that Stanley Black & Decker’s win rate of forecast deals increased from an already respectable 59% to 76% in the course of one year.

An emerging trend that can help salespeople not only do the initial qualification of prospects, but requalify them throughout the sales process, is the use of sales content microsites. As part of our 2013 Sales Engagement Optimization study, we found that 70.3% of firms are sharing sales content—product information, pricing, contracts T’s & C’s, references, proposals, and more—with prospects via email or snail mail. While convenient, this approach gives the salesperson minimal visibility into what the prospect did or did not do with the information.

The study also found that 6.6% of firms now share information with client-specific cloud-based microsites. Based on this approach, they can track whether the information has been reviewed, who reviewed it, what portions of the materials were read or ignored, and more. After reviewing projects where this approach has been in place for some time, we found that salespeople use the insights to gauge a buyer’s digital body language. If prospects are actively accessing the shared materials, then reps know they are in the game. Conversely, if the content is not being accessed, they know they are not in serious contention to win the deal. This allows them to drop it and move on to other more qualified opportunities.
Summary of Findings

The ability to effectively incubate leads when the prospect has interest, but cannot commit the time to a full product evaluation, came in as one of the top three challenges for sales organizations again this year. Still, the numbers in this chart show improvements over last year, where the Meets Expectations figure was 31.7% and the Exceeds Expectations was 5.7%.

One trend contributing to improvements in lead incubation effectiveness is an increase in the number of companies that are implementing processes to ensure that leads don’t fall through the cracks when the timing is not right for the prospect when the salesperson initially contacts them. The following chart from our 2013 Lead Management Optimization study summarizes the various approaches companies are using in their lead nurturing/incubation management.
As you can see, nearly nine in ten firms have implemented a process to nurture leads. Of these firms, marketing most often takes the lead. When they do, they are more likely to have an informal rather than a formal process for lead incubation. In about one-quarter of the firms, sales have the responsibility for this task, and 21.1% of companies have a blended approach that involves both sales and marketing.

As part of the Lead Management Optimization study data review, we did an analysis to see if any of these approaches to managing lead incubation was more effective than the others in terms of helping salespeople convert more leads to opportunities over time. The following table summarizes what surfaced when we segmented the study data based on who is responsible for this aspect of lead management.

<table>
<thead>
<tr>
<th>Impact of Nurturing on Lead Conversion Rates as Related to Ownership of the Task</th>
<th>Nurturing: Sales Owns</th>
<th>Nurturing: Blended Ownership</th>
<th>Nurturing: Marketing Owns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant Increase in Ultimate Conversion Rates</td>
<td>15.0%</td>
<td>39.6%</td>
<td>23.5%</td>
</tr>
<tr>
<td>Increase in Ultimate Conversion Rates</td>
<td>55.1%</td>
<td>49.5%</td>
<td>46.4%</td>
</tr>
</tbody>
</table>

Here we see where firms utilize a blended approach involving both sales and marketing, 89.1% reported they see measurable increases in the number of leads that turn into opportunities as a result of continuing to nurture those prospects until they can do a full product review.
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Find More Analysis  Recommendations Going Forward

Sales Management Optimization Key Trends Analysis

Lead Management Optimization Key Trends Analysis

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CSO Insights is a sales and marketing effectiveness research firm that specializes in measuring how companies leverage people, process, technology, and knowledge to improve the way they market and sell to customers. For twenty years, CSO Insights’ surveys of over 15,000 sales effectiveness initiatives have been the standard for tracking the evolution of the role of sales, revealing the challenges that are impacting sales performance, and showing how companies are addressing these issues.