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The Purpose of This Handbook
The purpose of this handbook is to uncover the role that demand generation professionals play in the lead to money process. CallidusCloud recognizes that a specialized reference guide will help amplify the impact that generating leads will have on revenue growth. Bits and pieces of relevant information can be found within many well-known marketing sources, this handbook is geared towards pulling that information together and coupling it with CallidusCloud’s insights and best practices to create a purpose-built guide.

Although the primary audience for this handbook is technology-aware marketers that are engaged in B2B sales, we believe others will benefit from this guide as well.

There are four kinds of roles that will be addressed:

- A manager that is responsible for defining and leading the demand generation function within a marketing organization.
- A specialist that supports and implements the demand generation function and is a member of the marketing organization.
- A single person in an organization that is responsible for all marketing responsibilities.
- A sales leader that is responsible for ensuring his reps have enough hot leads to sell to.
2

The Lead to Money Process
An important but not-so-obvious demand generation evolution is also underway: It’s no longer exclusively about generating leads. Sophisticated marketers make use of sales and marketing automation tools, and associated analytics, to improve sales and marketing operations. Or stated another way, these people are optimizing the entire lead to money process (from prospecting to closing) to maximize revenue at the lowest possible cost, by creating more deals for more money in record time. You can’t do this at scale unless you have the tools to measure processes in that chain.

We work diligently to ensure that our clients generate more deals for more money in record time, through the lead to money process. This process encompasses five critical pieces:

- Leads
- Planning
- Enablement
- Quotes and Proposals
- Incentives

Through these five steps you can identify the right leads are distributed, ensure proper territory and quota distribution, enable your sales force with the right tools and collateral at the right time, automate your quote and proposal generation, and streamline sales compensation to drive bigger deals, faster.

The rest of this handbook will focus on the first step, leads.
What Role Does Demand Generation Play? Why is it Necessary?
What Role Does Demand Generation Play in the Lead to Money Process?

The marketing profession has changed significantly over the last couple of decades. In the 20th century, the predominant goal was to generate responses, essentially unqualified leads, from marketing campaigns. In the 21st century, while marketers still do that, they have also evolved into three other facets of the sales cycle. With the prevalence of information available at the tips of your fingers, potential buyers can be up to 60% of the way through the traditional buying cycle before ever making contact with you. It is demand generations job to ensure that they provide the buyer with the proper experience during that time.

- Customers now tend to find vendors, rather than the other way around. The more traditional way of connecting with customers via targeted stimuli has not gone away but the change in customer habits mean that inbound marketing is just as important, if not more so, than outbound marketing.

- Automating the marketing process is the first step in the lead to money process. It allows marketers to nurture prospects until they are sales-ready. Moreover, tools that automate the marketing function apply sophisticated qualification algorithms to score and evaluate leads as they move through the different stages of the process. The result is an optimized marketing-to-sales handoff process that allows sales personnel to focus on closing sales with prospects who are ready to buy.

- Sophisticated marketers understand that a key ingredient of demand creation comes from building enduring relationships through continuing communications across multiple channels. These relationships require marketers to enable sales people to share information with prospects.
throughout the often lengthy buying lifecycle. Because these relationships can be complex and delicate they require focused nurturing efforts. This is not a new concept, but it’s often difficult for companies to implement effective lead nurturing at a large scale, especially without automated lead to money tools.

The demand generation role has gained credibility within marketing and in the executive suite because there are now ways to measure and report on prospects’ movements through the sales funnel with marketing automation tools. In addition to metrics there is a new visibility of lead evolution that allows marketers to fine-tune the nurturing process by understanding where the prospect is within the buying cycle.

As it evolved, demand generation units have incorporated, to varying degrees, marketing functions that had been relatively independent: global campaign management, web presence, SEO, SEM, public relations, and others. This consolidation makes perfect sense because alignment and coordination of these resources are critical to the success of demand generation objectives.

Demand generation is of such importance to the lead to money process that companies are now assigning executive titles such as VP of Demand Generation.

**The Increasing Need for Demand Generation Professionals**

Opportunities for demand generation professionals are growing at a robust rate. According to a SimplyHired study, the demand for director-level demand generation positions grew by 631% between December, 2010 and June, 2012. And individual contributor positions grew by 484% during that same time period.
What Role Does Demand Generation Play? Why is it Necessary?

Fig. 1: Sourced from SimplyHired.com

Fig. 2: Sourced from SimplyHired.com
# Demand Generation Roles in a Marketing Organization

A successful marketing organization can take many forms. But typically you’ll find that most have these roles for driving demand generation:

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<th>Primary Focus</th>
<th>Key Measures</th>
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<tr>
<td>Demand Generation Manager</td>
<td>Developing and executing marketing campaigns to achieve goals; primary user of marketing automation.</td>
<td>Leads in the funnel</td>
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<td>Marcom Manager</td>
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<td>Managing the company’s social media presence</td>
<td>Potential reach Manage influence</td>
</tr>
<tr>
<td>Marketing Analyst</td>
<td>Collecting data and transforming it into meaningful information; defining, collecting and publishing metrics.</td>
<td>Data collection and analysis</td>
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What Role Does Demand Generation Play? Why is it Necessary?
The Life of a Demand Generation Manager

A demand generation manager’s responsibilities look something like this:

- Support sales revenue goals for products and product lines by creating and executing demand generation strategies.
- Leverage positioning, messaging, buyer personas, and other information to target segments and generate sales qualified leads.
- Fill the top of the sales funnel with new leads and nurture existing prospects to meet defined goals for quantities and conversion rates.
- Create both new and incremental sales opportunities.
- Conceptualize and manage a diverse range of marketing programs such as webcasts, events conferences, email campaigns, SEM website offers and teleprospecting.
- Drive creative processes, database strategies, program executions and the success measurement of these activities.
- Collaborate with the website team to use it as a strategic demand general tool by converting visitors to leads.
- Create and drive a lead nurturing strategy to convert existing prospects in the database to sales qualified leads.
- Create and maintain an internal marketing contact database.
- Define the entire sales cycle (lead to close) and document all key processes and associated metrics.
- Measure marketing programs at all levels of detail. Analyze outcomes; derive insights and present results to facilitate sound decision-making.

Typical qualifications include:

- 5+ years of experience in marketing for industry, domain, or product category.
• Proven success in creating demand for industry, domain, or product category.
• Experience with using a CRM and marketing automation platform to execute campaigns using a closed-loop methodology.
• Experience with search engine marketing, including the use of Google Adwords.
• Strategic thinking, sound business judgment, positioning savvy and excellent presentation skills.
• Exceptional writing and speaking skills, including copywriting, emails, editorial and proofreading abilities.
• Excellent organizational skills with an ability to run multiple projects simultaneously while meeting deadlines.
• Self-starter with an entrepreneurial spirit and ability to work independently.

Required Fundamental Skills
1. **Selling.** The essence of marketing is sales. Actual experience or a deep understanding of sales processes is vital.

2. **Content Generation.** The ability to produce textual and/or visual content (or at least the ability to distinguish between good and bad content) is critical because without it demand generation doesn’t work.

3. **Creativity.** The fundamental challenge is finding ways to stand out in the midst of the marcom cacophony to capture and hold a prospect’s attention.

4. **Analytics.** Modern marketing is very much about measuring things and reporting results. You will need skills for testing, evaluating or improving processes. Overall, demand generation managers are generally accountable for objective results based on hard data, not subjective evaluations.

5. **Process.** Today there is a huge emphasis on process improvement through definition, measurement and adjustment. You can’t be successful in demand generation without that orientation.

6. **Technology.** Almost all demand generation processes are based on computerized solutions. The more you understand about computers, networks and digital technology, the better off you’ll be.

7. **Social Media.** You need to understand when and how to use these channels for demand generation. Equally important: You need to understand when NOT to use social media.
4

Understanding Demand Generation
Basics

The Scope of Demand Generation

The precise scope of demand generation varies across companies. At one end of the definition spectrum is a company that uses the lead to money process and has a holistic view that encompasses everything between initial prospecting and the receipt of revenue. It spans multiple functional organizations.

At the other end of the spectrum is a limited view that only encompasses prospecting and generating marketing qualified leads (MQLs). Sales qualified leads (SQLs) come from the sales organization in a separate set of processes.

This discussion intersects with the challenge of defining the nature of a funnel and the stages within it. Some call it a sales funnel, while others call it a marketing funnel, and some just call it a leads pipeline. The specific model is less important than the processes and their sequence within the model, as well as criteria to determine the position (or qualification stage) of a lead in the funnel.

This handbook encompasses demand generation within the lead to money process as the practical model: Initial prospecting through the delivery of sales qualified leads to the sales organization. Although this may not reflect the division of responsibilities in all companies, there is a trend underway towards moving all qualification activities to the marketing organization to allow sales personnel to focus on selling.
Mapping the Customer Buying Cycle

Discussions about demand generation cycles and processes must start with the customer perspective. In this diagram, the funnel shape encompasses the phases of a buying cycle. The resemblance to a traditional sales funnel is deliberate as it reminds us that marketers must always map their strategies and tactics to potential customers’ needs at any given moment.

On the left side of the buying cycle phases are the specific tactics marketers normally use to create touch points in that phase. Note that the cycle phases and the associated tactics evolve over time from broad and generalized to specific and personal.
On the right side of the buying cycle phases is a corresponding sales funnel view. The boundaries between buying phases represent the sales funnel stages from prospect to sale. Although this perspective is the foundation of modern demand generation and marketing automation tools, one must never lose sight of the customer perspective throughout the process, that linkage is critical.

**Lead Generation Process Close-up**

The traditional sales funnel that we all know and love is:

- Inquiry
- MQL
- SQL
- Close
The thought leaders at SiriusDecisions recently revised their well-known demand waterfall model to reflect the evolution of the demand generation environment.

Three changes are worth noting:

- The revised model now accounts for demand generated from inbound marketing as well as outbound marketing. The earlier version, created in an era before inbound marketing was significant, obscured today’s importance of leads from prospect motivations that are independent of outbound stimuli.
Tele-prospecting is an old technique, but was never incorporated into any funnel-based model. This revision recognizes the importance of that source of leads.

The revised model now incorporates sources of leads external to marketing that had never been recognized formally. They mostly consist of opportunities derived from a sale rep’s Rolodex (or some modern equivalent). A few may come from other employees or odd sources (e.g., the janitor’s mother-in-law).

A thorough understanding of this revised model is required for a comprehensive analysis of demand generation activities in a business.

Aligning Marketing and Sales

Demand generation is a process typically driven by the marketing organization. But the lead to money process cannot be successful unless there is buy-in, ownership, and alignment across the marketing and sales teams. The “throw it over the wall” silo-type mentality is a recipe for failure.
The following is a typical high level task sequence for realizing the alignment goal. Both departments would work through these steps together.

1. Define the entire lead to money process for your company. Focus on what needs to be done, not organizational boundaries or existing information systems.
2. Agree on what portion of that process represents demand generation that marketing will own.
3. Agree on sales funnel-based definitions for marketing qualified leads (MQLs) and sales qualified leads (SQLs).
4. Define objective criteria (and possibly a scoring system) to determine what constitutes an MQL or an SQL.
5. Map these processes and sub-processes to existing or forthcoming information systems. Make sure everyone understands where the data resides, and sequence.
6. Create processes to handle errors, rejections (“this is not really an SQL”) and other problems that may arise. Capture key findings, these are vital for sustained alignment.

Marketing automation systems should be linked to customer relationship management (CRM) systems. Make sure everyone understands how this works (or should work) to ensure that leads don’t fall through the cracks.

Create Demand with Marketing Programs & Campaigns

Marketing Overview at Each Funnel Stage

The left side of the customer-centric funnel model (Mapping to the Customer Buying Cycle) represents marketing tactics appropriate for the corresponding
customer buying cycle and the associated sales funnel stage on the right side. The tactics list is not comprehensive, so it’s important to understand the fundamental objectives for each stage to properly evaluate alternatives.

Customer Awareness

A B2B prospect begins a buying cycle when his/her company determines that they have a specific need and want a corresponding solution. Defining that need has always involved substantial internal analysis, but nowadays people look increasingly at external sources to understand the full set of improvement opportunities. In many cases, companies want to move quickly. They can shortcut this phase with existing wisdom to avoid reinventing the wheel.

External sources may include:

- Intelligence about competitors’ investments.
- Industry best practices from market research firms, events, and vendor-neutral whitepapers.
- Consultants that have insights into fundamental transformations beyond their immediate need.

The corresponding sales funnel stage is “inquiry”. The need hasn’t been clarified, so we can’t know if our solution is a fit.

Two fundamental inbound marketing tactics are required at this stage: a company website and corresponding search engine optimization. There are plenty of other useful tactics, but these two are a minimum. With very few exceptions, modern businesses cannot have a viable demand generation process without them.

If you’ve done sufficient work on these minimal requirements, you can focus on building your brand to establish early trust and confidence. Supporting tactics will include:
• Advertising (including online, print, radio and TV)
• Public relations (including tradition media relations, blogger outreach and other online media)
• Direct Mail
• Social Media
• Blogging

To reiterate: Marketing efforts in this phase help potential customers to define the need. It may or may not correspond directly to the solution your company offers.

Customer Solution Research

After the need is defined, a prospect will launch an in-depth investigation to explore potential solutions. A “solution” may comprise a single product or multiple products.

During this phase, a lead looks promising and becomes a “suspect” in the sales funnel. But we’re not sure at this point if our solution will meet the need.

Marketing tactics at this point must focus on providing customers with useful details about our solution and compelling reasons to use it. Good value propositions take on increasing importance. Tactics to support customer information-gathering will include:

• Datasheets
• Whitepapers
• Webinars
• Virtual Events
• Tradeshows

During this phase, a lead may change from a “suspect” to a marketing qualified lead (MQL). This means that you determined, by applying subjective or objective
criteria, that he/she is a good prospect who’s likely to make a purchase; AND your solution may fit the need. An MQL doesn’t imply 100% certainty, but the probability seems good.

Objective criteria typically mean some form of lead scoring, which in turn implies the use of a marketing automation solution to make those calculations without human intervention.

**Customer Preference**

After the research is complete, a prospect will move to develop a short list based on the best fit of solution candidates. Your solution passed the first set of filters. We must assume at this point that this prospect has gathered all or most of the pertinent details, but will likely have questions or clarification needs on the way to building that list.

At this point in the sales funnel, an MQL becomes a sales qualified lead (SQL), which means that it may be worthy of attention from the sales team. At the same time, marketing’s role takes on additional importance: Communication intensity and frequency should increase to enhance the relationship with the prospect. The focus should be on helping the prospect make intelligent selections for the short list that (hopefully) includes your own solution. Also, enabling sales to share relevant information and track the usage of that information to better gauge where the prospect is in the buying cycle.

The optimal balance between sales and marketing activities in this phase is very context-specific. But one rule must always be enforced: the coordination of touch points between both organizations. Nothing will sabotage a relationship with a potential customer faster than a perception that the right hand is unaware of what the left hand is doing. The use of automation tools to support this coordination is mandatory once you begin to operate beyond a minimal scale.
Useful marketing tactics in this phase will include:

- Opt-in emails
- RSS
- Newsletter
- Inbound toll-free number
- Lead nurturing campaigns
- Outbound calls

Proposal Evaluation

In this stage, a customer has a short list of solutions and has invited vendors to submit proposals for consideration. The SQL becomes a sales-accepted lead (SAL), which means the sales organization has primary responsibility for managing the opportunity going forward. The focus is now on articulating your advantages over those of your competitors as much as it is on fulfilling prospect needs.

The marketing tactics in this phase will be personal and focused on closing a sale. They will typically include:

- Product demos
- Conference calls
- Face-to-face meetings
- Appropriate follow-ups

Closed Loops

Although we make reference to closed loops, metrics and process improvement throughout this document, it’s important to call out a critical facet of this profession: Marketing (and especially demand generation) is nowadays much more a science than it is an art. Continuous improvement, a concept that began decades ago in factories with Deming-inspired statistical quality management, is now an essential part of our profession. Indeed, most marketing automation
solutions that support demand generation processes are built with metrics and closed loops in mind. You ignore this approach at your own peril.

The Campaign Lifecycle

1. Define your campaign objectives and how you will measure them. Put boundaries around the campaign – you should be able to articulate what it is, as well as what it’s not.

2. Proceed with a segmentation exercise to define, in very specific terms, your target audience(s) for this campaign.

3. Define the resources you’ll need: people, external expertise, money, access to data, etc.

4. Seek management approval and sponsorship. If you don’t get it, go back to step 1 and try again.

5. Choose an appropriate set of communication channels to reach your target audience. You will likely use more than one and need define how you’ll measure and report their efficacy.

6. Define metrics for each process in the campaign. You need to do this for two reasons:

   • **Accountability**: Your management will want to know if you are using your time and resources wisely. It’s not about how many qualified leads you generate. It’s more about measuring the impact of decisions and choices throughout the entire campaign cycle. If things don’t work as well as expected, you need to be prepared to explain why. How you work is probably more important than actual results.

   • **Feedback Loop**: Continuous improvement is only possible when you measure things in a way that allows you to correct mistakes and tune processes for better outcomes.
7. Create or obtain content. This is a very important step because you can’t execute a campaign without compelling content. Get the most creative minds you can find to help.

8. Define the criteria for marketing qualified leads (MQLs) and sales qualified leads (SQLs). Work with the sales team on this. Define the qualification processes required to get to those funnel stages.

9. Publish a campaign schedule with milestones, checkpoints and the usual things associated with good project management.

10. Launch the campaign.

11. Monitor and collect data. If something seems to be failing in a significant way, you may need to jump in and adjust.

12. End the campaign. Tally the results and summarize your findings for those who need to know. Make recommendations for future improvements.

**IMPORTANT:** These steps are a generalized overview and may not be precisely how your company does things. Variations are possible based on a large number of factors.

It’s important to remember that a campaign or a series of campaigns exist in a much broader context. They intersect constantly with customer buying cycles because every campaign element represents a customer touch point. You can’t know about – and can’t control – all of those intersections, especially with platforms such as social media. Precise segmentation helps a lot, but there is always a degree of uncertainty. Always keep a customer perspective in mind as you design and run campaigns.
Testing on a Small Scale

A word to the wise: If you don’t have a high degree of confidence in the outcome of a campaign based on prior experience and knowledge, collect preliminary data before you do anything else. This means experimenting on a small scale to validate your design and the underlying assumptions before committing substantial resources (money, people, time, etc.).

There’s another related benefit to doing things this way. You may need to justify your proposed expenditures to management with hard data before they’ll fully
commit. Results from small experiments are probably the best way to do this absent other compelling evidence.

**Creating and Managing Content**

How to create and manage marketing content is a huge topic. Entire books, websites, etc. have been published that provide detailed instructions, templates, and so forth. We feel the most important lesson is this: You cannot be successful with demand generation unless you have a lot of high quality content that is readily available to offer prospects. In fact, the term “content marketing” is today synonymous with “inbound marketing” for very good reasons.

Each of the following content types has its own optimal “rules of engagement.”

- Webpages
- Brochures
- Blogs
- Whitepapers
- eBooks
- Application notes
By no means is this a comprehensive list, and it’s beyond the scope of this handbook to provide detailed instructions for each. There are, however, some general guidelines we believe apply to all:

- **Don’t waste people’s time.** Most professionals in all industries are under siege from a daily onslaught of many types of marketing communications. Get to the point quickly. Be as brief as possible within the requirements of that content type. Avoid meandering prose with dubious tie-ins to current events; and limit the use of quotations from other sources.

- **Often, less is more.** This means that too many details or excessive verbiage can obscure key messages. Always ask yourself, do I need all these words? Are these sentences really necessary? Can sentences or paragraphs be reasonably combined to reduce the overall length? Does this text contribute directly to reinforcing key messages? Many content types have well-established guidelines for length and structure. Use them.

- **Clarity trumps everything else.**

- **A picture is worth a thousand words.** Diagrams, graphics, pictures, etc. can help immeasurably with communication, including setting mood and tone. At the same time, overuse (or inappropriate use) of pictures can muddle messages and distract readers. Use visuals judiciously and always understand the purpose for any given item.

- **Reuse, but don’t abuse.** It’s important to recycle a piece of content as much as possible to extract the maximum value from that investment. To further extract value, the usage of content should be tracked an
analyzed to make better use of future marketing budgets. At the same
time, you must be cautious about using it too many times in too many
places. Nothing turns off a prospect like receiving the same or similar
content via multiple channels.

- **Think twice before selling in an overt manner.** This one is tricky, for some
content types (sales brochures, press releases, case studies) you must
always focus on the product and reasons to buy. But for content types
used in earlier stages of prospecting (e.g., nurturing), you need to position
your company as a trusted advisor and source of reliable, vendor-neutral
information. Everyone can smell a sales pitch no matter how well you
disguise it. Yes, the goal is to make a sale; but if you aren’t genuinely
helpful, people will shift their attention to your competitors.

**Segmentation**

If you don’t segment your marketplace, you’ll waste a lot of time and money.
Demand generation only works well when you identify unique characteristics of
a group of prospects that enable you to address specific needs within a particular
context. If you don’t focus your demand generation efforts around the attributes
of a target segment, you will not reach the right people. Or even worse, the people whom you ultimately reach will ignore you.

This is Marketing 101. If you are unfamiliar with segmentation, learn about it before you do anything else.

**List Creation and Management**

Outbound marketing begins with identifying people you want to contact via email, postal mail, or telephone. Companies typically build and maintain their own list of contacts, but will also “rent” lists from third parties who will communicate with the list constituents on the company’s behalf. Those third parties never reveal the contents of lists to renters. Responses to those communications can of course be captured and added to the renter’s own database.

Another option is purchasing lists that become the property of the buyer and therefore can be added to an existing contact database. Such lists are typically of a lower quality because they usually have a high percentage (sometimes approaching 50%) of useless contacts due to obsolete or bogus contact details (email addresses, phone numbers).

Building your own database of potential customers takes substantial time and resources. Leveraging a marketing automation platform that includes anonymous visitor tracking can be paramount to limiting the number of resources it takes to build your internal list. Ongoing maintenance to ensure accuracy and currency is critical. Such tasks would include:

- Implementing opt-in practices
- Implementing unsubscribe requests
- Removing contacts (or removing specific details) when contact information is obviously wrong (bounced emails, returned letters, disconnected phone numbers)
• Implementing prospect-requested changes
• Removing obvious distribution lists of “spam seed” email addresses
• Adding new subscribers
• Tracking anonymous visitors

Beyond the obvious reasons for maintaining up-to-date contact lists are other considerations that are not so obvious:

• Spam is a huge problem, so Internet service providers (ISPs) track email-bounce rates to identify likely spammers. If your bounce rate exceeds an ISP’s threshold for triggering that status, your company will be blacklisted.

• A full and up-to-date contact profile allows better segmentation, which in turn allows for more focused communications that are tuned to a segment’s needs.

• A good contact profile pays benefits in the latter part of the sales cycle.
• You create a much better corporate impression when speaking to customers in real time if you have complete and accurate information at your fingertips.

Here are some other hints and tips for collecting useful contact information:

• Provide “opt-in” opportunities at every customer touch point
• Keep subscription options visible on all web pages
• Use trade shows and similar events to harvest contacts
• If it makes sense to do so, set up a profile form to allow prospects to select the type and frequency of communications
• Set expectations about what prospects will receive, and when they’ll receive it
• Send a welcome message within 24 hours
• Use confirmation-based opt-in process. After choosing to opt-in, complete the process by sending a confirmation email that requires a user interaction to complete the process
• Use any kind of face-to-face or audio conversations as opportunities to solicit contact details
• Create mechanisms to share or forward invitations to friends who may be interested in the company or product.
• Never miss an opportunity to validate existing contact details with both customers and prospects

Call-to-Action

A call-to-action (CTA) in a marketing communication is a reader imperative to take an action that will enhance, implicitly or explicitly, the relationship between the reader and the company that generated the communication. In digital communications (typically email), a CTA asks a recipient to provide information about himself/herself in exchange for something of value. In certain cases that value may be, very simply, the relationship itself rather than a specific gift or a discreet unit of content.
The information companies collect ultimately helps them to sell their products or services to people who need them. Marketing efforts can be tuned precisely to a target segment; but determining who is (or which companies are) in the segment is sometimes difficult. That’s why CTAs are so important. There may not be other cost-effective ways of collecting profile data from a large audience.

Much has been published about how to create and insert CTAs in different types of communications, so the only guidelines we’ll share are these:

- Make them clear.
- Make them actionable.
- Be succinct.
- Put CTAs in places where they’ll be visible. This may mean using a graphic element or locating CTA text in a strategic location, at the beginning or end of a letter. Don’t bury it in the middle of lengthy prose.
- Make the offer compelling. Think carefully about using overt product pitches versus providing helpful industry or market information.
Key Concepts for Automating Demand Generation
What is a Marketing Qualified Lead (MQL)?

An internet search of “marketing qualified lead” always returns several thousand results containing several hundred definitions. Our conclusion is that each company needs to decide for itself which definition best fits its overall lead to money process.

In simplistic terms, an MQL meets a qualification standard that makes the lead worthy of additional effort to move it through the sales cycle. Typically, and at minimum, you have sufficient and accurate contact information as well as clear indicators of interest. These attributes enable marketing or sales to reach out to the prospect to further qualify the opportunity.

We can say, generally, that marketing runs an MQL qualification process that will not involve any personal contacts with prospects (e.g., telephone calls). By the same token, the sales team often runs a qualification process in subsequent funnel stages that involves phone or in-person contacts. But this operating model is “old school”. Although practiced extensively, progressive companies are evolving to a new division of responsibilities due to the impact of marketing automation. (See “What is a Sales Qualified Lead?”)

What is a Sales Qualified Lead (SQL)?

Like MQLs, the definition of a sales qualified lead is imprecise and very much organization-dependent. Loosely speaking, it can be thought of as a lead with an exceptionally high potential for closing as a sale. But “high potential”, like beauty, is often in the eye of the beholder. Budget, motivation and sponsorship are all important. The specific criteria for hundreds of possible definitions for an SQL are readily available elsewhere. Sales often have partial or complete responsibility for the qualification process that yields SQLs.
The big news is this: Forward-thinking companies understand that the most productive use of sales reps is selling, not spending time qualifying leads. There exists no arbitrary rule that says some or all traditional sales qualification processes cannot be moved to marketing. The secret sauce that enables this shift is the syncing of marketing automation and sales enablement. In particular, lead scoring is the capability that allows, to a great extent, the computerization of qualification processes, and in particular those associated with generating an SQL.

In addition, there is no reason marketing cannot or should not have individual conversations with prospects as a part of a qualification process. Indeed, marketing is probably a better place for conversations pertaining to sales qualifications, given its expertise at scaling processes for large numbers of people.

It is important to understand that marketing’s job is not finished just because an MQL becomes an SQL. A forward thinking marketer understands that they need to enable sales to turn it into an opportunity. While this might not be a traditional role for demand generation, with the right tools, demand generation can, and should be, involved. Marketing should be tracking the buyer’s intent through email open rates, click-through rates, and analytics on what documents are being viewed and by whom within an organization with the use of “deal rooms” or sales portals. Using the insights gained, marketing will better understand if and when they should be re-engaging SQL’s with marketing content. They can also help sales focus their efforts on deals that are continuing to move forward, retaking ownership of the leads that are stalling.

Lead Nurturing Processes

Lead nurturing is sometimes known as drip marketing. It is part of an ongoing qualification process that serves two purposes. It’s first and foremost a way to stay linked with potential customers who are not ready to purchase anything, but
have the potential to do so in the future. To express that concept in an indelicate way, those leads are “cooking” but we aren’t sure if or when they’ll be ready for serving. Only a small percentage of the people who interact with your company are ready (or almost ready) to purchase something at any given moment. The rest need to simmer and be stirred occasionally.

The second reason to nurture leads pertains to building and sustaining long term relationships (Some argue that businesses are building relationships with other businesses, but take our word for it: It’s always about people). The goal is to enhance trust, a key factor in any buying decision.

Most discussions about lead nurturing center on using email. There’s no question that this is a primary tool for communicating with prospects, but today a more holistic perspective is needed. Companies increasingly communicate through social media and by other means. All channels should be coordinated to avoid repetition, overload and so forth.

Many leads will expire quietly by virtue of their age, the absence of interactions or obsolete contact details. Others will terminate themselves when people unsubscribe or otherwise request that they be removed from a company’s records. That’s a good thing you don’t want to waste your time maintaining extraneous data that is not helping your business.

Effective nurturing requires an intimate understanding of a customer buying cycle for your target audience. Not all are thinking of buying something, but many are. It’s therefore important to understand where prospects are in the buying cycle so that you can tune the following communication parameters accordingly:

- Method of communication.
- Content type.
- Frequency.
Interaction decisions will also be driven by these factors:

- Characteristics of the target segment.
- History of previous interactions, including frequency and timing.
- Other behavioral data from which you can infer intent or motivation level.
- Demographic data or specific information about the prospect or his/her company.
- Subjective perceptions by employees who interact directly with prospects.

You should avoid overt or covert selling when communicating with prospects in the nurturing bucket. Your goal should be to enhance the relationship and build trust. Content that is genuinely useful or interesting (e.g., trends, industry news, problem-solving, compelling stories) will be read, retained, and forwarded. People will gain confidence about your company as a trusted advisor. In contrast, sales pitches will be generally ignored and may eventually corrode relationships and your brand.

If a prospect initiates an interaction, responding to it quickly and completely is critical. Automating this may or may not be appropriate as it’s always context-specific. Common sense and good judgment should prevail. Use any opportunity to collect or validate information for prospect profiles.

Something else worth considering: Even if a prospect ultimately makes a purchase from a competitor, don’t sever the connection. Online services (SaaS) generally have no long term contracts and relatively low switching costs. A competitor’s unhappy customer could be your next sale.

When using email for lead nurturing, remember these hints:

- Nurturing leads is not unlike nurturing infants. Feeding prospects frequent, small and tasty meals builds strong bonds. Large infrequent emails (perhaps with sales promotions) don’t help. Naked sales pitches will be dismissed, along with the other hundred attention-grabbing emails a prospect receives each day.
• Too many emails or too much content is just as bad as too few and too little.

• Don’t think of nurture emails as discreet and unconnected reminders that say, essentially, “We’re still here. Hello, and don’t forget us!” They need a connecting thread and coherence. In a certain sense you are telling a continuing story (or set of stories), and each message is another chapter in a broader experience.

• Be careful when using marketing automation tools. It’s tempting to scale up, engage the autopilot and have a few extra beers at the pub. You should instead be hyper-vigilant. These tools enable you to apply your nurturing efforts to unimaginably large audiences using scoring algorithms and sophisticated workflows. At the same time, automation also spreads mistakes (anything from a typo to deficient judgment) quickly and broadly. Don’t let an autopilot create major perception or reputation problem for your company.

• The subject line is extraordinarily important. Think about it carefully because your choice will impact whether or not the recipient opens the message or hits the delete key. Keep it succinct. Send it from a person, not a general company email address.

• Make it short and sweet. Get to the point immediately. Review the content guidelines above.

• Always view things from the perspective of a potential customer. Always test and validate assumptions to ensure a parochial perspective is not clouding your sensibilities.

When nurturing with social media, refer to the guidelines in the Social Media Marketing section. Give people a choice to receive updates via social media or email.
When nurturing by telephone, keep in mind:

- First and foremost: Your company (and maybe you personally) is building or strengthening a relationship. You are weaving a long term narrative that you hope will yield revenue at some future time. Selling something now is secondary and possibly immaterial.

- That relationship and the trust derived from it, stems from being genuinely helpful to prospect companies and to employees you speak with. Your goal is to be a trusted advisor.

- Your attitude and manner on the phone must reflect these principles:

What kind of compelling content should you offer prospects via nurturing interactions? There are no universal rules because each situation is different.
Having said that, the underlying objectives should be to educate and inform. The most common items businesses offer include the following:

- Whitepapers
- Case studies
- eBooks
- Podcasts
- Video presentations
- Physical materials
- Pointers to outstanding content on other websites

**Behavioral Intelligence**

Behavioral intelligence combines two things:

- Tracking where, how and when people use non-private Internet assets, including a company’s own web site and social media.

- Inferring intent and motivation from the data gathered, either as individuals or as a group (such as a company) who might be a potential customer.

Low-level software tools that collect such data have been around for a long time. Marketing automation vendors have aggregated those tools into a capability that provides marketers with a single view of a prospect’s activities over a period of time.

Extracting value from this unified view is the tricky part. You can’t know directly what an individual is thinking, but certain behavior patterns often correlate with future actions. For example, spending a lot of time on your web site or on a particular set of pages within that site, coupled with many downloads of whitepapers, might indicate a company is in a buying cycle and plans to buy a product or service in the not-too-distant future. This knowledge can help tune a marketing or sales strategy specifically for this prospect.
Lead Scoring

Lead scoring is a process of evaluating the sales-worthiness of a lead by consolidating points assigned to a variety of objective and behavioral factors. The resulting scores are applied to thresholds defined by sales and marketing for moving a lead to the next phase in the sales cycle (or within the sales funnel). Ultimately the objective is to deliver leads with scores that qualify them as SQLs.

Implementing a scoring system requires the use of a marketing automation platform. Any scoring implementation will require creation of one or more scoring algorithms based on the importance and weighting of data factors.

Two types of data are used to calculate scores:

- **Collected data**: the information captured when a prospect voluntarily shares information about themselves or their companies via an electronic or physical form. In most cases this will be a web form on the company’s web site.

- **Behavioral data**: shown in the “Behavioral Intelligence” topic above.

Behavioral data is always factual because it’s collected automatically without any user involvement. But inferring intent from that data is tricky.

Collected data is not always accurate. Some people enter false data on forms, most likely due to privacy fears or an explicit distaste for sales phone calls.

A typical set of factors for a scoring algorithm will often include:

- Explicit or inferred customer buying cycle stage.
- Company profiles.
- Demographics.
• Psychographics.
• Behavioral attributable to named decision-makers.
• Source of behavioral data.
• Specific requests (“contact us to request quotation”).
• Self-described pain points.
• Social media interactions.
• Website search strings.
• Web log referrer.
• Timing and frequency of website visits.
• Website downloads.
• Page visit data, including sequence, display time and repetition.
• Offline activities and contacts.
• Aggregation of individual activity (or scores) for a single company.

This is not a comprehensive list. Furthermore, certain correlations of factors can themselves become standalone factors. Another data collection variation: Useful data can also be purchased and appended to existing house lists.

There may be a need for a multiple algorithms at different sales funnel stages. The following rule is true 100% of the time: If marketing and sales do not identify important factors and define algorithms jointly, lead scoring will not have credibility and will never be trusted by the sales team – even if it’s correct. We cannot overemphasize this point. Lead nurturing and lead scoring go hand-in-hand. In fact, the former depends on the latter. Otherwise there is no way to automate the nurturing process and therefore scale it to larger proportions.
About the Authors
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Nancy Chou is the Sr. Director of Customer Success LeadFormix, a CallidusCloud Co., responsible for clients’ successful deployment of LeadFormix’s marketing automation platform. She has over 20 years of B2B and B2C as well as Fortune 500 and startup experience, including HP, IBM, the Norton Consumer Business of Symantec Corp, and Cygnus Solutions, a Red Hat acquisition. Previously, Nancy was the principal of Nancy Chou Marketing Consultants, founding partner of the Social Business Consulting Group, marketing instructor at Stanford University’s Continuing Studies Program, and VP of marketing for a number of Silicon Valley based startups, including Sigaba, acquired by Proofpoint. She is the 2012-2013 NorCal chapter president of the Business Marketing Association (BMA). Nancy has an MBA in marketing from the Kellogg Graduate School of Management, Northwestern University.

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Prior to LeadFormix, Shreesha was a co-founder of OuterJoin, an online marketing services company that helped B2B and B2C customers develop and execute effective online marketing. Before that, Shreesha drove new business development at Catalytic Software and held key management positions at MW2 Consulting and Yodlee.