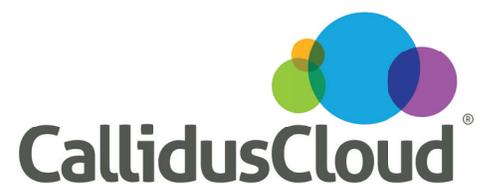




FROM LEAD TO MONEY:

A STEP-BY-STEP GUIDE TO
MORE DEALS IN RECORD TIME



From Lead to Money: A Step-by-Step Guide to More Deals in Record Time

The advent of a new fiscal year means the chance for a fresh start. But like any resolution, conviction is necessary. When it comes to revamping a process as critical as the sales cycle, a concerted and collaborative effort from quite a few departments—as well as lots of advance planning—is key to hitting the ground running.

» LEAD TO MONEY



By **2020**, customers will manage **85%** of their relationship with the enterprise without interaction with a human.

- Gartner Predicts



Lead to money spans all aspects of the process from when leads are generated to when revenue is brought in. All companies have a lead to money process, but often haven't invested the time and resources need to streamline it.

Currently, the individual elements of the sales process, managed by different departments, employ cumbersome, slow, and often manual methods. What doesn't help matters is the changing climate of the buying process, which is being delayed because potential customers are able to educate themselves before engaging the sales team. Many prospective customers are already well on their way to making a decision before they're ever heard from.

What all of this means is that departments have to be committed to working together. Above all, each area must bear in mind that it is part of a seamless and integrated workflow that closes the lead to money loop. The primary goal: help sales close deals as effectively and quickly as possible. In practice, this translates to setting strategic priorities, and utilizing the technologies and tools that are available to gather accurate, current data to facilitate in meeting these goals. Only by generating the right insights will outcomes be impactful.

There are 5 main processes occurring simultaneously, but often disjointedly: **lead generation and management, territory planning, sales enablement and training, quota and proposal management, and compensation and incentives structuring.** This white paper will cover ways each area needs to evolve to become more streamlined.

» LEAD MANAGEMENT

The marketing department is tasked with generating leads, putting its place at the very start of the sales cycle. That's a hefty responsibility, especially because its role has expanded greatly due to the fact that **57%** of the buying process now occurs before the traditional sales cycle kicks in^{*1}

Many marketers are focusing their efforts on the web due to its enormous potential: by 2015, it will be the source of **71%** of leads.^{*2} Modern Marketers rely on largely virtual interactions to steadily fill the pipeline, often through technology such as marketing automation software. Its responsibilities are dual: to attract potential leads and to qualify them, or screen their readiness.

Current

Here's a startling fact: more than **40%** of B2B buyers start their research anonymously on the web.^{*2} In addition, about 80% of visitors to a website are anonymous. That means, under the current system, a great portion of a company's anonymous web traffic could be potential leads who are going unidentified, and therefore missed. On the other hand, many leads are simply not a right fit for a company's products or services due to their geographic location, company size, industry, etc. Again, this information is simply not knowable unless the leads identify themselves (but don't count on it: only **1 to 2%** of visitors usually do^{*2}). Until then, they're simply unknown quantities.

Another shortcoming of the current system is that about **50%** of leads deemed qualified and passed on to sales are not actually at the point where they're ready to buy.^{*3} They may have expressed some interest, but require further convincing, further nurturing. When a lead is passed on prematurely, the whole lead to money process is undermined because it becomes the sales team's burden to determine whether the lead is mature enough to require their attention. This wastes the time they could be spending on other, more qualified, prospects.

Companies that automate lead management see a
10% or greater increase in revenue in 6~9 months.

-Source: Gartner Research-

Improved

An improved lead generation process centers around lead intelligence, which in turn increases both the quantity and quality of leads generated. The data that's obtainable measures both fit and interest, therefore generating a well-rounded profile of nearly all web visitors.

To measure interest, lead nurture programs track individual visitor activity. They're also a continuous feedback loop, using this knowledge to grow each person's interest by strategically delivering the right content paced at the right time. Eventually, actions are quantified into overall lead scores, used as bases for qualifying leads.

However, the identity of the visitor needs to be revealed first in order to measure fit. This can be accomplished in two ways. The first is through the lead nurturing process itself, which continually pushes for self-identification through form fills in order to access white papers, webinars, and other content. The second method would call for marketing automation systems with the capability to track visitor's IP addresses and—using data from external databases—correspond them to companies. They could then hone in on the most likely decision makers within the company, predicting who the visitor might be.

Using data in these ways ensures that marketing delivers qualified leads that are truly quality.

HCL refocused its marketing message in order to hit its target growth. They employed a system that allowed them to track campaigns, emails, websites, microsites, and social media campaigns.

This effort culminated in an increase of revenue from
\$700m to \$4.5b in just 7 years.

» TERRITORY PLANNING

Once the lead has cleared Marketing's qualification hurdle, it lands in the Sales net. At this point, it's assigned an owner based on the territory plan.

As the territory planning process is re-tackled from year to year, Sales Operations has the opportunity to redefine how existing and potential customers are distributed among the sales team to ensure even coverage and maximized quota. However, the 'planning' process often neglects the strategic aspect that its name implies. Instead, territory is usually allocated simply by geography. But this method worked better in the pre-Internet days, when lead generation efforts could be largely focused by region and were therefore more predictable. Now that leads can originate from virtually anywhere, the territory planning process must be updated or result in unintended pressure points among the sales team, flooding some reps while starving others.

Current

With no science, no real methodology, and no data to analyze existing territories, the current method of territory management leaves much to be desired. More often than not, it consists of a jumble of spreadsheets that provide little clue as to the actual potential of a territory.

The fallacy lies in the assumption that territory potential is already known based on past performance, and unlikely to change over time. But looking back historically and internally fails to take into account the bigger picture. As a result, the sales process might not be agile enough to attend to new leads, so that reps may be forced to alter their strategies to meet quota. Unfortunately, this misalignment can also misrepresent their performance.

Improved

Intelligent territory planning is all about data, which provides the objective and analytical basis for which true territory potential can be derived. Some of the data may come from within the company: historical performance metrics, customer lists, and campaign data, for instance. Other data should be externally-sourced: product saturation, regional trends, market projections, etc. To ensure accuracy, companies should cross-reference data points across multiple sources—Hoovers and Nielsen for example. The pursuit of accurate data may be viewed as an initial burden, but it is absolutely essential in order for a company to feel confident in its analysis.

Tracking individual agent workloads could also lead to greater insights about potential territory misalignments. According to Andris Zoltners and Sally Lorimer in their paper *Sales Territory Alignment: An Overlooked Productivity Tool*, “when territories are out of balance, too much effort is deployed against low potential customers and too little is deployed against many high potential customers... The result is that companies often leave millions of dollars on the table.”⁴ For reps in territories with too much work, their tendency is to call on ‘easy accounts’ causing the company to “miss out on key sales opportunities.”⁴ Conversely, reps in territories with not enough work have a hard time keeping their pipeline filled. While perfect alignment is impossible, “it is reasonable to expect ‘balanced’ sales territories to fall within a range of 15 percent from the ideal workload.”⁴

In addition, assigning territories simply by geographic region, though logistically practical, may not always be strategic. Territory assignments based on product or industry—therefore allowing agents to deepen their expertise in one area—may make much more sense. The leads that marketing generates need to be passed to the right rep. Ensuring territories are strategically designed turns that lead into money faster.

» SALES ENABLEMENT

Once a lead's been handed off, what's your rep's modus operandi? Are they left to their own devices, or is there a defined method they're expected to follow to move forward? Are they trained on specific knowledge, products, and positioning? Do they have easy access to the right materials and messaging?

Sales enablement is defined as all of the tools provided to sales to support their selling efforts. Best-in-class organizations often adopt sales processes that are repeatable, measurable, predictable, and scalable.^{*5} And then train their agents on how to follow them.

Current

Most companies do not adequately train their reps on a formal sales process. Without one, reps lack the guidance to steer their leads through the different stages of the selling process. This can result in mishandling plays and thus not getting across crucial information, messaging, and collateral. It can also mean not training the reps on key knowledge, such as understanding the product being sold. While training seminars can instill the semblance of a process, their teachings are not enforced, and the sessions themselves don't occur often enough to drive the process home. This leads to reps improvising with impromptu tactics, which are hit or miss, chance-based, and totally inefficient.

Coaching, another aspect of sales enablement, is often ineffective as well. It's the job of managers to identify their reps' weaknesses and guide them towards successful selling practices. However, coaching usually veers towards being reactive. The only time most reps are given feedback is during their review, when it's already too late to make changes. In addition, a Forrester Group study found that many reps were not happy about the coaching they received because their managers "had too few facts to provide relevant feedback about the challenges they faced."^{*6} And due to the lack of information, most coaching sessions only focus on reductionist, backwards-looking metrics such as quota, as opposed to real-time key performance indicators, thus distorting the original intent of coaching.

Finally, day-to-day, many reps struggle to locate pertinent collateral because it's scattered throughout various systems. This wastes time.

Improved

Novel ways have emerged to address sales enablement that make use of solutions made possible by technology. A significant shift that should occur is changing the way key information is made available. A relatively simple fix is to set up sales enablement portals. By combining all the documentation and content needed to guide the rep through the sales process in one dedicated area, much of the improvisation and disjointedness can be eradicated. This includes collateral: it's been shown that a majority of best-in-class organizations organize their collateral in only one or two repositories,^{*7} therefore making any data sheet an agent may need easy to find.

Despite its bad rap, training is an effective way to teach reps about products, positioning, technique, and more. But the process needs to shift from the physical classroom to the digital. By administering training sessions online and on an ongoing basis, reps can receive up-to-date knowledge regularly and easily, even when they're on the road. It leads to the higher retention of information, naturally, as well as increased user satisfaction and productivity because of the seamlessness and flexibility of the learning environment.

On an individual basis, managers, armed with real-time data about their reps' progress, can conduct periodical coaching sessions that are focused on actual improvement. Constructive coaching uses real data to shed light on the current state of the rep's progress, and looks forward to help foster an atmosphere of proactive improvement.

Motorola was able to significantly improve their selling ways by focusing on consistency and alignment in a new sales enablement process.

Prior to their sales enablement system reps were navigating years-old resources and repositories of information, sending out outdated and sometimes conflicting messaging to customers.

» PROPOSALS AND PRICING

The request for a proposal means the end is near. The rep has worked the lead provided by marketing and has been successful because they've been properly enabled. However, reps aren't off the hook quite yet. Quotes can be extremely convoluted, and putting them together is a struggle in time and resource management. Complicated product configurations shouldn't slow down the process. Nor should the 'human element,' manager and department approval.

Current

Proposals and pricing, like sales enablement, are an area where case-by-case seems to be the operating method. The reasons abound: when pricing sheets are manually updated, they're prone to error, often out-of-date, and inconsistent. Also, as product and service configurations become increasingly complicated, more "deliverables" or line items show up on the proposal that the rep may need the assistance of multiple departments to fill out—followed by their approval. Then, when deals are near closing, reps may throw in unplanned discounting; these erratic deductions can eat into margins. Finally, most reps have a difficult time drawing the line on when to take a sales loss, even when the deal becomes unprofitable for the company.

All of these reasons slow down the final stages of the sales process. It can take days, or weeks, to get a proposal together because it becomes mired in pricing limbo.

Improved

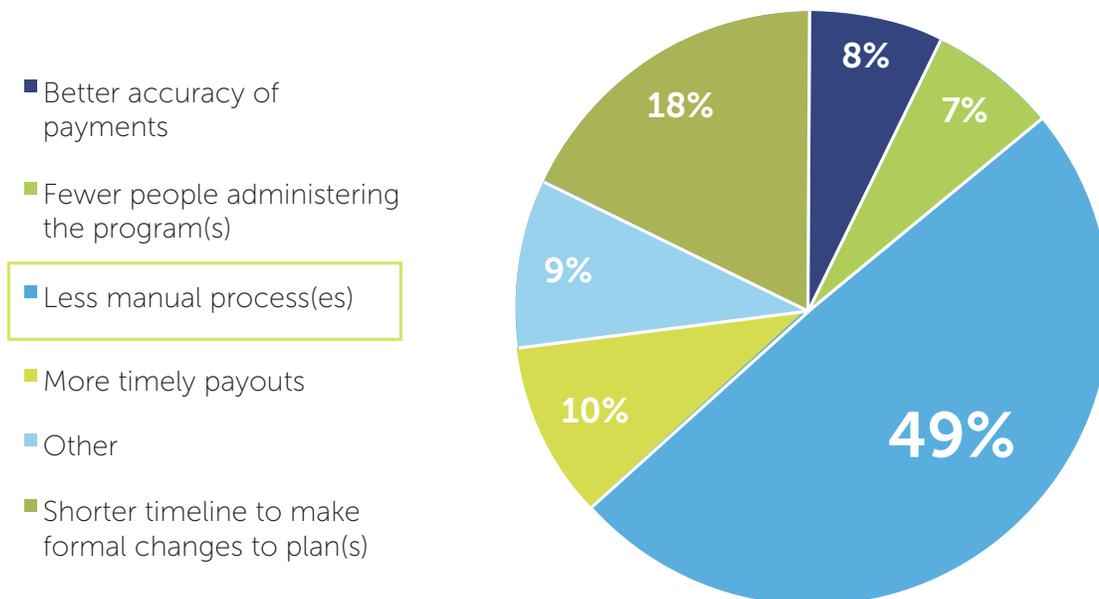
The proposal process, like the entire sales process, should just be another set of methodology handled by technology. The result is a system that is seamless, automated, and easy to update. Not to mention much faster: companies will see a sharp decrease in the time it takes to develop a proposal, therefore shortening the length of the entire lead to money process.

When laying out the specifics, consider the results of an Aberdeen Group study, which discovered that best-in-class organizations had a firm grip on their proposal process in three crucial areas.⁷ First, they safeguard margins by putting into place pricing/discounting "guardrails." This might translate to pre-approved discount guidelines and limits. Next, they keep reps updated on pricing and discounts by having a central repository containing the latest pricing information. Pricing should be laid out the way it is in ecommerce, up-to-date, clear, with all scenarios and configurations calculated beforehand. Finally, many put into place a system that fixes a limit on when losses are acceptable, whether because too much time has dragged on, or not enough profit will be generated.

To further enhance the proposal process, companies should use a system that can automate the suggested of upsell and cross-sell items. Often times, money is being left on the table because the rep isn't sure of what add-on products or services best compliment the items currently being quoted. A lack of product knowledge limits a rep to selling what the customer wants, rather than being able to offer what they need. Using a system that automatically suggests upsell and cross-sell items will lead to larger deal sizes.

» INCENTIVES AND COMPENSATION

#1 desired improvement to comp program



Once the sale has been made, the rep expects to be rewarded for his or her work. After all, monetary incentives are the main reason salespeople work as hard as they do. This competitive drive is a powerful tool if aligned with company goals and should be handled with due consideration. But all too often, the sales compensation arena is complex, reflecting the many kinds of reps—inside, outside, pre-sale, overlay, etc.—that companies hire. This makes calculating and tracking payments a hassle. Add to that the findings of a 2012 survey conducted by WorldatWork and OpenSymmetry, which discovered that only about 80% of finance departments predicted an accuracy rate of 95% or higher when paying out incentive dollars.^{*8} This lack of confidence suggests that calculation errors are expected and taken for granted—but no company should have to settle for them.

Current

Salespeople work hard to meet their quotas and expect their incentive payments to fairly reflect this effort. Unfortunately, commissions are not usually so straightforward. Increasingly complicated compensation methods lead to “elevated levels of ‘pain’ associated with managing and administering [these] programs.”^{*9} This results in slow, cumbersome, error-prone, and often inconsistent payout processes.

And the effect on the sales force is evident: as reps become increasingly demoralized, they raise more disputes and engage in “shadow accounting”^{*10}, privately calculating their incentive payments to ensure that it matches what they were actually paid. Obviously, this is not a productive use of time.

Improved

It’s important that reps are given the assurance that their compensations are protected. Happy reps are more efficient and higher earning. How does this translate into a working model?

First, by revamping the compensation system so that it’s transparent and streamlined. Reps should be able to explain how their compensation is calculated, regardless of the complexity of the sales program. This could mean simplifying the incentives structure, removing layers and clauses that also remove confusion.

It also means making use of technology to centralize the payment process. The system should track all the different streams of data, calculate, and sign off on compensation. And then automate payments to ensure timely delivery. Accuracy, speed, and agility will all see an uptick. It also makes modeling plan changes much easier, therefore allowing management to optimize their incentives structures to align with changing company goals.

Surprisingly, many companies have not yet adopted this kind of system: a CSO Insights benchmarking report revealed that 60% of its respondents were currently tracking their commissions using spreadsheets, while only 20% had incorporated a commission management system of some kind.^{*11}

Verizon brought about piece-of-mind to their sales force by implementing a commissions platform from an outside vendor.

The commission platform brought about a level of transparency that resulted in **28,000 hours** gained annually in selling time through a reduction in compensation disputes from **4000 down to 700.**

» CONCLUSION

The synergy of the sales, marketing, and finance departments is what makes the Lead to Money process possible. By aligning their goals and working towards them together, the entire sales process—and ultimately the company—will reap the rewards.

But let's not forget that each area mentioned in this white paper reflects an entire process. That's five whole methodologies that need to be updated and streamlined. Clearly, the undertaking is not for the faint of heart. But let's also not forget the main goal of the Lead to Money process: to win more deals, for more money, in record time. Growth is always a worthy goal to pursue.

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