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30 MINUTE MARKETER

Lead Scoring

**8 tactics for identifying
your most valuable leads**

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30-Minute Marketer

Lead Scoring: 8 tactics for identifying your most valuable leads

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TACTICS YOU CAN LEARN OVER LUNCH

Welcome to *30-Minute Marketer* – a resource from MarketingSherpa featuring bite-sized tips for busy marketers.

In this report, we help you figure out how to implement a lead scoring system.

Lead scoring means creating a "points system" related to various demographic, firmographic and behavioral attributes, such as job title, industry, size of company and prior website activity (webinar signup, pages visited, etc.).

A new lead is then assigned a total score based on these attributes. This system lets you sort your leads based on how engaged they are, and shows the changes to their engagement over time. In short, lead scoring can help you distinguish the "just looking" prospect from the sales-ready lead. This helps you focus your efforts on targeting leads that offer the best potential ROI.

In this report, we'll show you:

- How to get executive buy-in for a lead scoring system
- Ways to evaluate various factors in your score
- Why it's important to start small
- Tips for choosing a vendor to help

We know you're in a hurry, so let's get started. We're eager to share these tips on how you can implement a lead scoring system!

Bobbi Dempsey
Editor, *30-Minute Marketer*

About *30-Minute Marketer*

MarketingSherpa's *30-Minute Marketer* is designed with you, the busy marketer, in mind. We provide quick, simple tips that you can put into action right away.

For each *30-Minute Marketer*, we scour the vast MECLABS library of marketing research, from MarketingSherpa case studies and benchmark reports, to MarketingExperiments optimization tests and analysis. We highlight tips to help improve your marketing performance right now … or, at least, by the time you're done with lunch.

Tactic #1: Decide if you need lead scoring (and how to get buy-in)

In the MarketingSherpa Special Report, "[When to Adopt Lead Scoring, and How to Justify the Investment](#)," Emily W. Salus, Sr. Marketing Manager, CollabNet, says it isn't always obvious that you need a lead scoring system, or what advantages it may provide. You must weigh whether the planning and investment of money, man-hours and resources will be worth the potential benefits.

 To assess your need for lead scoring, there are two main questions to ask:

1. Can I sort the "wheat" from the "chaff?"
2. Does my current solution scale?

If you can easily identify which leads are deserving of sales outreach and which should remain with Marketing for further development, then you don't need lead scoring. However, if it's difficult for you to distinguish between types of leads – there are too many names entering your database to handle manually, or you have a long sales cycle that involves many touches before a lead is ready for a sales contact – then automated lead scoring can help.

Similarly, if you have a manual process that can manage your lead flows today, but have aggressive growth targets or other challenges to your scalability, automating the process ahead of the increase can offer a huge advantage.

If you decide you do need a lead scoring system, you then need to justify the investment. Marketing automation solutions are generally priced based on the size of your database, or the number of users you have. Fees can range from $1,500 per month to upwards of $15,000 per month, depending on your requirements. Set-up fees and support (at varying levels) can be additional costs, so you'll need to look into what's included before you sign a contract.

In creating a proposal for your budget request, it may be helpful to look at two areas:

1. Lead Quality: When you implement lead scoring, you'll score at least some of the demographics and past activity of those already in your database. This will give you immediate knowledge of how many leads you have at which stages, and where you need to work first to increase your sales-ready leads.
2. Manual vs. Automated Processes: While a "human touch" is often preferred, there are many screening processes that are simply not scalable. Lead qualification teams can only manage so much traffic; if this traffic multiplies you might not have the budget to expand your team. It's better to put a scalable solution in place early rather than scrambling to implement one once lead flows become unmanageable.

Tactic #2: Start simple

When first adopting a lead scoring strategy, you will want to stick with a few basic steps until you become comfortable with the process and can evaluate exactly what you need.

In the MarketingSherpa *Lead Scoring and Management Roundtable Special Report,* Beth Bartle, partner at Tocquigny, says, "If a company is just starting out with a lead scoring initiative, it is best to keep it simple. As more data is tracked and results start showing themselves, revising the scoring and processes is recommended. Constant optimization of lead scoring is needed as market dynamics change, new products are released, etc."

In the same report, Brian Carroll, Executive Director, Revenue Optimization, MECLABS, says, "Lead scoring can be complex and often begins as a relatively uncomplicated grading system that is then gradually enhanced as the process gets up and running."

Don't worry about coming up with fancy names or categories for leads on various levels of the scoring hierarchy. Carroll says, "Communication is the key. It doesn't matter by what name you call a lead as long as it is meaningful to the sales force. Salespeople don't care if a lead is A, B, C or Q. All they really care about is whether the leads they are given are sales-ready."

Tactic #3: Be realistic about the timeline

The process of implementing a lead scoring system can take a matter of hours or weeks, depending on your situation. Many factors come into play when creating a project plan. For example, if you plan to implement a marketing automation system from scratch, it may take significantly longer. If you have a complex sales cycle, many assets and a large database, the establishment of a lead scoring system will likely take longer than if you have a shorter sales cycle, fewer assets and fewer leads (or fewer types of leads).

Realistically, to implement lead scoring you will need time to decide with your team what different activities or lead characteristics will be scored, how you will score them (Automated? Manually? Who will score them?), and what the scores for those activities are.

Tactic #4: Figure out what factors you will measure in your score

In the MarketingSherpa blog post, "Top Takeaways for Small Business from Email Summit 2012," Jermaine Griggs, founder of Hear and Play Music, says he scores his leads based on their behaviors on his site and in his emails. The higher the score, the more primed a customer is to make a purchase. Customers with higher scores receive more frequent emails and purchase opportunities.

The chart below from the MarketingSherpa *2012 B2B Marketing Benchmark Report* shows the top factors used in lead scoring.

Chart: Top factors used in lead score calculations
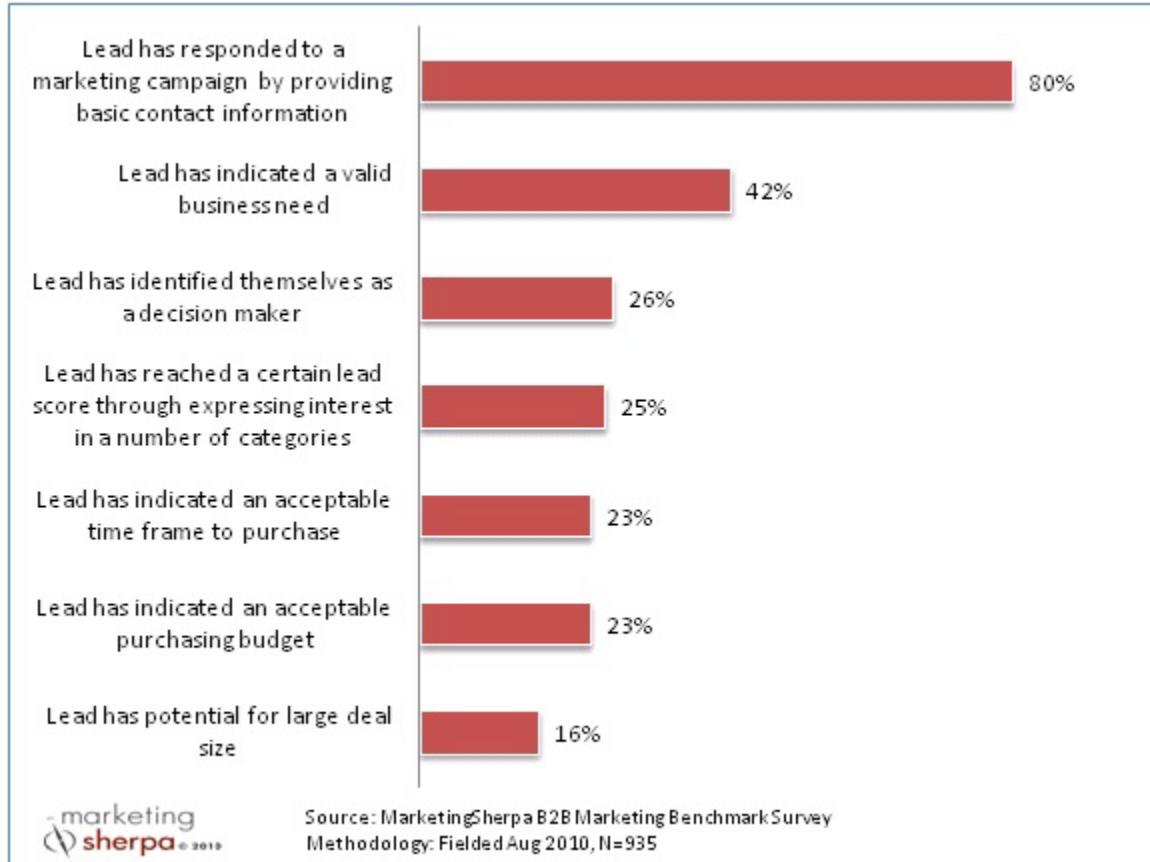
Figuring out how lead scoring fits into the bigger picture will make it easier to identify the factors you want to include in your scoring system.

In the MarketingSherpa article, "Marketing Strategy: Revenue-oriented approach leads to 700% two-year growth," Jon Miller, Vice President of Marketing and co-founder of Marketo, told how his team used lead scoring as part of part of a marketing strategy that led to dramatic revenue growth. Miller described Marketo's approach to integrating Marketing and Sales as viewing the entire process from a revenue performance management standpoint.

Marketo uses a two-pronged lead scoring approach, looking at demographics and behaviors.

Demographics

Miller stated, "My framework for the scoring is, first of all I think about fit versus interest. To me fit is 'am I interested in you? Are you the right kind of person with the right kind of company?' Interest, on

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the other hand, is [that] I need both sides of the relationship to be right. I need to be interested in you, but you also need to be interested in me."

Marketo's lead scoring is based on two types of information: Explicit information provided by the potential customer; and inferred information based on Marketo's tracking. Miller said he really doesn't trust explicit information, as too many people provide false information on forms. Therefore, he is most interested in behaviors such as watching video on the website, or visiting pricing pages.

Demographic and firmographic information that triggers positive scoring for Marketo includes visitors with the right job title. Interns or student consultants will lose points. Target industries and larger companies also get positive scores. Marketo tracks IP addresses, and a non-corporate IP will lose points.

Demographic scoring
Vice President or Director: +5
Intern/student/consultant: -10
Marketing or Sales: +5

Firmographic scoring
Target industry: +5
CRM = "Salesforce": +10

Inferred from IP scoring
Geography based on country and ZIP code: -6 to +5

Data quality scoring
Good first and last name: +5
Personal email address: -5
Compete profile: +3

Behaviors

Miller said one issue some companies have with behavioral scoring is over-weighing people who like content, but might not be looking to actually close a deal. Marketo runs a report that lists different behaviors, and looks at the correlations between each behavior, and if that behavior correlates to someone becoming an opportunity in the pipeline.

Behaviors that Marketo scores highly include:

- Visiting detailed pricing pages
- Watching detailed demos

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- Searching for the word "Marketo"

Someone who is deemed "engaged" will receive a consulting follow-up explaining the value of Marketo's solutions, whereas someone who is exhibiting buying behavior will get a follow-up that asks questions about their project, the timeline to make a purchase, budget and other sales-oriented inquiries.

Latent behavior scoring (engagement)
Early stage content: +3
Attend webinar: +5
Visit any webpage or blog post: +1
Visit careers pages: -10

Active behavior scoring (buying intent)
Visiting pricing pages: +10 regular, +15 detailed
Watching demos: +5 overview, +10 detailed
Mid-stage content: +8
Late-stage content: +12
Searching for "Marketo": +8

One point Miller made about lead scoring is the threshold can be lowered to generate more leads or raised to generate better leads. He said lead scoring is an art and a science.

It's inexpensive to call someone, and expensive to miss calling somebody who might become a customer. But, at the same time, if the scoring is too loose you will be annoying people who aren't ready for such a level of engagement with your company.

Miller prefers to send only very good leads to Sales, and he avoids changing the scoring threshold very often because changes make it difficult, if not impossible, to compare metrics from month-to-month. A suddenly looser threshold will likely lead to a drop in conversion.

The B2B Roundtable Blog post, "[Lead Scoring: How to Pick the Right Ingredients for High ROI](#)," provides other tips on how to select and evaluate attributes to get high-quality leads. One suggestion: Keep Sales' strategy, structure and culture top of mind.

For instance, if you have a large inside sales team, you might want to set the threshold a little lower, whereas, if you have only a handful of business development representatives, you might want to set the bar higher.

Tactic #5: Look for a vendor or product that can help

There are many vendors who can help with your lead scoring efforts; the important thing is to find one that can best meet your needs. In the MarketingSherpa Special Report, "8 Criteria for Choosing a Lead Scoring/Marketing Automation Vendor," Emily W. Salus, Sr. Marketing Manager, CollabNet, lists some important things you should consider when looking for a vendor.

#1. Systems Integration

Think about other systems you currently use and how they will be integrated with new systems. Most likely, this will involve your CRM, but possibly also Web analytics solutions, or other systems that touch your leads.

Ask the vendor:

- Do the integrations I need come out of the box, or will they require special programming? (Keep in mind, any additional programming will add to your cost of ownership.)
- What skill set is needed to do the integration? Is it "plug-and-play," or does it require technical skills?
- How long does integration typically take?
- Are there any additional costs for integration services if I need them?

#2. Implementation Times

Next, you need to consider how long it will take to implement the new system as you migrate from your current processes to the new tool. If training is required to start using the marketing automation solution, how much time will this training require?

Some solution providers include implementation and set-up in their fees; for others it's an additional expense.

In many cases, activating the solution, or activating it and then syncing it with your CRM, can take just a few hours. From there, implementing your scoring programs and managing campaigns is dependent upon your team and how fast you can develop a strategy, design emails and launch programs.
How long it takes to launch full-featured marketing automation will also be determined by:

- How quickly you can devise campaign plans and programs
- How quickly you can create the needed assets (images, assets, emails, etc.)

Before you implement the lead scoring/marketing automation solution, determine your first objective: If you need to start with sorting your leads and lead scoring, you will plan implementation differently than

if you need to start nurturing campaigns.

If you can start these different projects in an order that makes sense for you, you'll reap the early rewards from your most urgent projects and gain the momentum to move forward with the other parts.

Ask yourself:

- Will you implement the new system in stages, or all at once?
- What does implementation look like?
- How will it affect your current processes?

Ask the vendor:

- Do you have best practices for implementation?
- Do you offer quick-start guides or training?

#3. Downtime

Marketing automation solutions are hosted. You'll want to know how often scheduled upgrades are made and how long they take, and what backup exists in the event of unplanned outages.

Ask yourself:

- What are my business requirements for uptime?

Ask the vendor:

- How much planned outage time is there per quarter?
- What are the guaranteed uptimes?
- What happens if you exceed the outage period for a quarter?

#4. Your Team

You will need a solution that accommodates your team, and yet grow as needed. If your team is global, does the solution support distributed users? If parts of your team are working on different sections of a

campaign, or on separate campaigns, it might be important to limit individuals' access to certain projects or areas.

Ask yourself:

- Do I need to limit permissions for specific teams or team members?

Ask the vendor:

- What levels of permission are available?
- Can I change those permissions as needed?

#5. Ease of Use

Just looking at a demonstration or a trial of a solution, can you guess where things will be located and how to implement new campaigns? If, at first glance, the solution is confusing, you'll need to consider how it will appear to other team members, and any executives who expect a demonstration.

On the other hand, if the solution is intuitive, your team will be able to experiment more readily, and be more innovative. Remember that you'll be using the solution regularly – if it's a chore to use or difficult to understand, you may be reluctant to change your current processes.

It can be very helpful to test out potential tools by doing a pilot test, if possible. (Not all vendors offer pilots, and whether a pilot is free or paid will vary.)

#6. Education and Staffing

How much training will your team need before they can use the solution? Whether your team is in one location or several, they will all need some form of training. The amount of training available during your pilot (if you have one) and during implementation will be important for deciding which solution best suits your needs.

Training may be available on-site at your company, on-demand via Web conferencing, or through conferences and formal courses. Training could be free or paid. Find out the investment you'll need to make in time, money and personnel, and include it in your total cost of ownership.

Ask yourself:

- Does someone on the team have the required skills to be the administrator or primary user? Can they learn?
- Is using the system intuitive?
- How adept is my team at learning new systems?

Ask the vendor:

- How much administration is needed?
- What is the typical training time for an administrator or general user?
- Is further training needed beyond a start-up period?
- How is training delivered?
- Is training included in the cost or additional?

#7. Support and Best Practices

When selecting a vendor, it is critical to know in advance:

- What support is available
- At what cost
- At what response time

First, if best practices, a user community, or other self-serve resources are available, these may give you the support you need. Beyond these resources, you also need to ascertain whether customer support is included or requires a separate contract, and what response time you can expect for mission-critical cases and for less urgent issues.

Ask the vendor:

- What are the support offerings?
- Are they included or is there an additional support contract? At what cost?
- What best practices are available?
- Is there a user group or community?

#8. Reporting

You're going to need to show measurable results. The most important questions you can answer using marketing automation data are the ones that will help you make good strategic decisions going forward.

Among these are:

- Which campaigns are most successful, and what metrics are needed to demonstrate this?
- Are there different success metrics for demand generation and nurturing?
- Which lead sources are driving the most traffic? The most opportunities?
- Which frequency of emails is most effective for your audience?
- How many leads do you have at each stage of your marketing sales funnel?
- How fast are your leads moving through your funnel?

A solution that provides data to answer those questions goes a long way towards justifying itself. It's important to remember the difference between data and analysis. The numbers won't help you until you understand their implications.

Ask yourself:

- What are the critical metrics the marketing and sales teams need to meet business goals?
- Can this solution get the data to measure these metrics?
- Do reports already exist in the solution that I can use to measure these metrics?

Ask the vendor:

- Are there reporting templates?
- Can I customize them to my needs?
- Can I create my own ad hoc reports?
- How easy or difficult are they to generate?
- Are there reporting best practices or examples from other customers?

Tactic #6: Ensure your team and process works well with the automated program

In the MarketingSherpa article, "Marketing Automation: SMB implementation improves lead generation 300%, reduces cost-per-acquisition 50%," Micky Thompson, CEO, Post.Bid.Ship., discussed how his team enlisted an automated marketing software program to help make their process more efficient.

While engaged in the product training, the team also worked to establish a lead scoring system to have in place when the first campaign ran.

Matthew Kennedy, Project Director, described the process as an internal debate that combined the suggested scoring methods provided by the vendor along with what the team determined was most important on the company website to uncover qualified leads.

Thompson added that lead scoring is an ongoing process at Post.Bid.Ship. For example, he said the scoring threshold to pass a lead on to Sales might be 40, but when the company added new sales reps, the threshold would be lowered to a number as low as 20, to ensure all the reps had enough leads moving through the pipeline.

He also mentioned how the system tracks leads, even when they are anonymous. Whenever an unknown lead ends up providing more information, such as a name, company and email address, all their previous website activity automatically becomes part of their profile.

By doing this, the company knows when someone has been heavily researching the company anonymously, but is now probably ready to buy, based on the Web content they've consumed.

He added that there is video demo on the site serving as a key indicator of buying behavior, so once that lead provides a name, Sales can call and ask if they've watched the video – already knowing the answer will be "yes." The sales rep can then be prepared to answer questions the prospect might have on the previously viewed website content.

In essence, the sales rep can save time by not having to go through a standardized pitch, and actually begin solving each prospect's individual problem.

Tactic #7: Keep the system flexible

In the MarketingSherpa *Lead Scoring and Management Roundtable Special Report*, several experts stressed that lead scoring tends to be a constantly evolving and changing process. You will find yourself asking questions about what should be included, and how heavily it should be weighted.

For example, is the source of the lead an important part of the score? This, like many other parts of the scoring process, will be easier to answer once you've started the process and have closed some leads.

Bartal says, "If most of the leads that close are generated from seminars vs. tradeshows, then the value of a tradeshow lead will decrease. This does not mean it's not an important lead, it just means it may take longer to close, more education required, etc."

Kevin Joyce, CEO of Rubicon Marketing Groups, says, "Also remember that the scoring system can allocate different points to the same variable (such as title) based on what you are using the score to do. If one is scoring to determine lead readiness [for] handoff to Sales, one might give a CIO title a larger point rating, but if one is scoring to generate a mailing list for a direct mail piece focused on technical influencers, the CIO title could get a low number."

Keep revisiting your list and adjust scores if necessary. Brian Carroll, Executive Director of Revenue Optimization, MECLABS, says, "Any lead that has not moved forward or that has not been verified for more than one business quarter will need to be re-qualified. Those leads should be filtered out by date and considered a priority for re-qualification."

At Infoblox, there is a 90-day rule, says Greg Lanier, Director, Marketing Communications, Inflblox. "If a lead hasn't been touched in 90 days, we 'downgrade' the lead but keep marketing to them. If they respond to a new offer or marketing initiative, we upgrade them again based on the new touch."

Tactic #8: Avoid common mistakes

Also in this Special Report, experts cited some common lead scoring pitfalls:

Kim Ryden, Director of Lead Generation, ON24: "Making things too complicated. The more complex the program, the less buy-in you will receive from those people that need to accurately capture information and provide feedback to make future initiatives more effective."

Joyce: "Failure to maintain good data in the database which results in scores that are flat out misleading. Data management and the processes supporting it are vital to ensuring a functional lead management solution."

Bartel: "The biggest mistake is not getting buy-in from Sales and developing integrated processes and marketing tools to help convert leads to closure. It is imperative that Marketing and Sales work together, they are aligned behind the same goals and that they are both incentivized to generate, qualify and close leads."

Useful Links and Resources:

The Complex Sale: Lead scoring effort increases conversion 79%

B2B Marketing: Combining sales and marketing knowledge to improve lead qualification

About MarketingSherpa LLC

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