LEAD MANAGEMENT

The Leading Edge

What to look for in a lead management company and how to strike the best deal

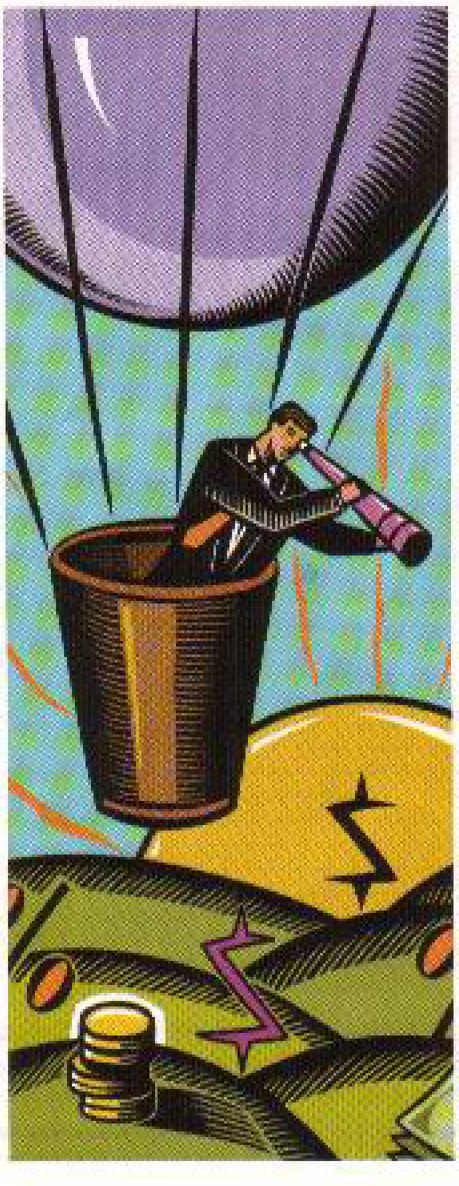
ALL SALES BEGIN with leads. Sometimes the biggest challenge is just getting more good leads. Other times, the real hurdle is managing the leads you already have.

Firstmark has been in business since 1987, selling leads from well over 200 databases and mailing lists, primarily for business-to-business sales. President Michael Pomerantz says his leads are especially strong in health care, finance and high-tech markets. Pomerantz has some veteran tips for sales managers looking for new lead sources.

First, specify what you are trying to sell and define your market as exactly as you can. "Everyone would like to know who bought a similar product in the last 15 minutes, but you are not going to get that" Pomerantz jokes. "Still, sales is a numbers game, and you want to get as close to your true market as possible."

Pomerantz urges managers not to delegate lead negotiations to lower-level employees who do not know the business thoroughly. "Lead providers have a smorgasbord of data to draw from. We need to know your needs as completely and as exactly as possible to give you the best data at the best price." Senior sales and marketing managers know their markets and their sales strategy best. They can also respond knowledgeably to suggestions by lead vendors.

Second, know the people you need to contact within the prospect company. What are the job titles or functions that you need to reach decision makers, decision influencers or gatekeepers? Do you need purchasing managers for the company or a department? Do you want engineering or operations execs? If you are selling computer equipment, do you need just the information technology staff, or will you want to make your pitch to the CFO as well?



Firstmark prides itself on the depth of contact data in specific industries. "For example, most general databases tend to have only the top executives," Pomerantz explains. "But in banking and some other sectors, we may have 20 to 60 executives listed by their functions."

Third, know how you will need the data classified to select and use your leads. Usually, you will want geographical location. Do you want leads located by headquarters or by a company's production facilities? That choice will depend on how you sell and how your sales force is assigned. Make sure you convey to the lead provider what kind of territorial allocations you need.

Industry type is another critical classification. Firms can be identified by Standard Industrial Classification (SIC) codes or the improved National Industrial Classification (NAIC) codes. But often you need a more detailed description of the prospect's business. What product lines do they make? What processes do they use to make their products or services? Specialized industry databases have their own system for describing each company that is considerably richer and more helpful than SIC and NAIC codes. "For example, our lists of hospitals will have number of beds and what kind of care facilities and

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treatments they offer," Pomerantz observes.

Fourth, know how you will or may contact the leads over the entire sales cycle. Mail, telephone and fax are the standard approaches in B2B markets. But be careful that you know all the rules. In health care markets, Pomerantz notes, do-not-call laws restrict phone calls to doctors' and nurses' home numbers. There are also do-not-fax rules or customs in some businesses today.

Fifth, ask the lead provider for an estimate of the percent coverage of your market he can provide. Often, this will differ by size or location. Ask how he knows how complete the coverage is.

In asking about coverage or other data characteristics, make sure you and the lead provider are working from the same definitions. "For example, we have pretty much all the hospitals in the country," Pomerantz notes. "But some firms want to include long-term care facilities in the counts as well. So you have to get straight whether you are taking about both acute and long-term care."

In some markets there are surprisingly few companies, at least of any size. "In bio-tech, for example, there are only a couple thousand firms, and when you start going up the size range you start running out of companies," Pomerantz notes. Often in these markets it is more important to get very deep and accurate data on the relatively few firms you can sell to, rather than trying to squeeze out another couple of leads.

Sixth, remember that scale is an important data selector, either as a qualifying factor or as a means of prioritizing selling efforts. Revenue and employee count are the standard indicators for how much a company can buy of your products. But be careful. You want to know how large the company is in the line of business you are targeting, not just its overall size. Sometimes, you will want an entirely different measure of size, such as square footage for building equipment or number of PCs for high-tech sales.

Seventh, accuracy and timeliness are critical factors to weigh in deciding on any lead list. Pomerantz draws a basic distinction between compiled lists and lists drawn from subscription cards or other general collection methods. Compiled lists are obtained by regular contacts through phone or mail and are verified regularly. Some subscription lists are obtained only annually or even over several years.

Some vendors compile and regularly validate their own lead lists. At Firstmark, the compiling firm updates all lists at least quarterly. Firstmark also keeps its databases in-house, so it knows their quality and can quickly answer clients' questions about them.

Pomerantz's analysts apply an industry-standard software package to verify the existence of addresses and special, proprietary software to check for misspelled names and other errors. He estimates that his lead contacts are about 95 percent accurate. You should question any lead provider on the accuracy of the data, what ensures it, and what adjustments may be made if the data turn out to be much less accurate than advertised.

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Eighth, you need to know exactly how you are going to use the leads. This means knowing, not just your sales plan, but the physical processes you will apply to the leads once you have them. Firstmark usually emails its leads to customers and can put them in a half-dozen different database formats. It is critical to make sure you will be getting the data in a format that works easily in your reps' contact managers, your company's customer relationship management (CRM) system, or any other system that you need to handle them.

Lead vendors can often help you find the most efficient way to handle the leads. "Some clients want to do a mail merge, and we have to explain how to do it," Pomerantz notes. "Other clients just say they have PCs and use Windows. But we need to understand what is going to happen to the data to make sure we give it to you in the right format and that you can work with it quickly."

Lead vendors can also do some of the work themselves. For example, Firstmark will print out mailing labels and send them to a mailing house for direct-mail campaigns. So it is also important to know the needs of any third parties, such as mailing firms or contact centers, that will work with the leads. Or you may want the lead provider to allocate leads by territory and send them to directly to your reps or local managers.

Ninth, be aware of cost factors. One critical factor is the amount of use you will make of the data. Leads can be sold for one-time mailings or for one or several telephone calls. Or they can be purchased for unlimited use during a fixed time period. Finally, you can buy the leads to permanently embed them in your own database and receive regular updates and additions from your lead provider.

Pricing varies substantially according to the use you make of the data. Pomerantz says that most good databases will start at about 10 cents per lead, then increase in cost as more data is required. You may be getting a much higher value from unlimited use of the data, but you will certainly be paying for it.

Per-lead charges usually decline with larger orders. That can be attractive for a major sales campaign, but be careful. Sometimes, it is wise to initially buy only a small number of leads, test them, and then go back for the big order when you have a clear idea of coverage, accuracy and response rates. In the end, the critical measurement of any lead source is the close rate, and nobody really knows that until the leads are contacted.

Managing Leads

For many firms, the big question is how to manage leads through the whole sales cycle. And different departments can have different priorities. Salespeople want more leads and qualified prospects to pursue. Sales managers want leads and prospects at affordable prices, and they want to be able to easily track what happens to leads once they have been secured. And nobody wants to load up one more software package to make all this happen.

These are the priorities that Paul McHugh, an independent rep for Acton International, sees among his clients. Acton now offers a Web-enabled solution called SPARK that focuses on just these priorities.

Acton has been securing and managing leads mostly for banks and other financial service companies. "Marketing people think strategically – how much it's going to cost per lead to turn it into a sale," McHugh notes. "The IT people look at the hassle of trying to integrate and fix any new software programs." And the sales force? "Sales managers just know they have six weeks to generate $5 million in sales at a certain profit margin."

SPARK runs on Acton's own servers. Clients connect through a password system, then select the leads that match their best customers. Salespeople can design

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their own direct-marketing package or let Acton help. Most important, SPARK tracks the leads, mailings, responses, follow-ups and sales ratios. And managers get the bottom line. "SPARK tells management they spent X, got Y response and here are the sales results."

Sometimes a company is generating plenty of its own leads, but needs to organize them effectively. A good lead-management system should bring all the leads obtained from all sources together and remove duplicates, according to Jonathan Cohn, product manager with Acxiom. Managers may also want to 'bounce off' the new leads against an industry database that has more complete data on the firms.

Acxiom works closely with its clients, generally those with huge numbers of new leads coming in from a variety of channels, to make sure the sales force gets the most out of new leads without wasting time or efforts. A partnership with Dun & Bradstreet gives Acxiom outside data when it is needed. But the main job is to collect, clean, rank and distribute the leads that are coming in from the client's daily operations.

Acxiom usually stores and works with the data in its own shop. "Most of the time, clients find that having online access to our servers provides faster turnaround and is cheaper," Cohn notes. "They get a better ROI than by trying to install the software in-house." Recent acquisitions give Acxiom international reach, for both lead data and clients.

The key to Acxiom's approach is to have a dedicated team of lead experts working from the start with the client. "We sit down and find out what the business problem is," Cohn emphasizes. "Do they need more leads or more information about their leads?" The experts then go to work. Acxiom is also expert at what Cohn calls *event marketing*. "That means knowing when and why people buy at certain times, so you can market to them at the best times. When you work with leads, you are always trying to find people who are ready to buy." – HENRY CANADAY

www.sellingpower.com

For a listing of lead providers, visit our Website and click on Source Book under Magazine; then search Category: Lead Management.

There is nothing so useless as doing efficiently that which should not be done at all.

PETER DRUCKER