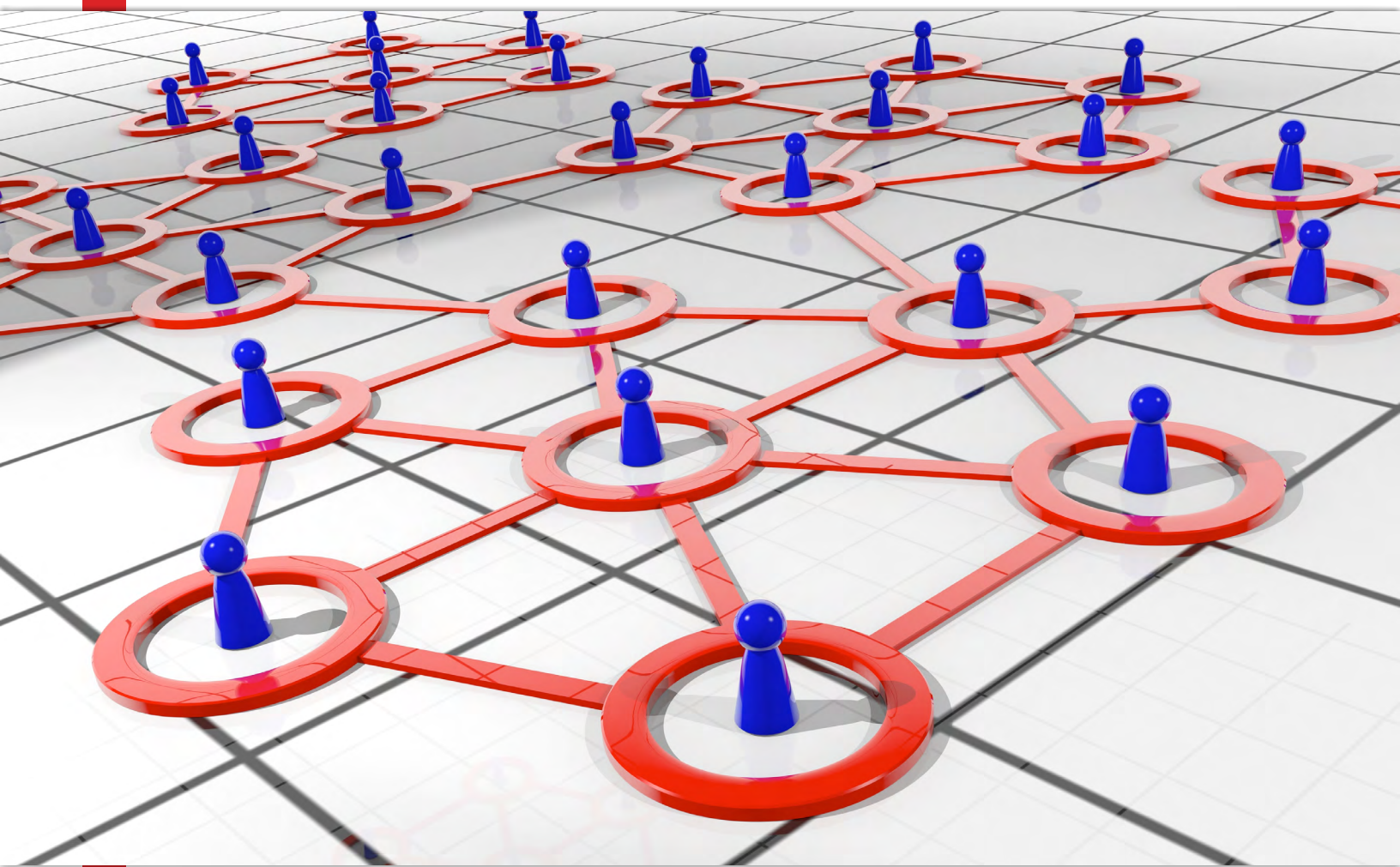


EXECUTIVE BRIEF:

Referral Marketing Refreshes Traditional Lead Gen Methods



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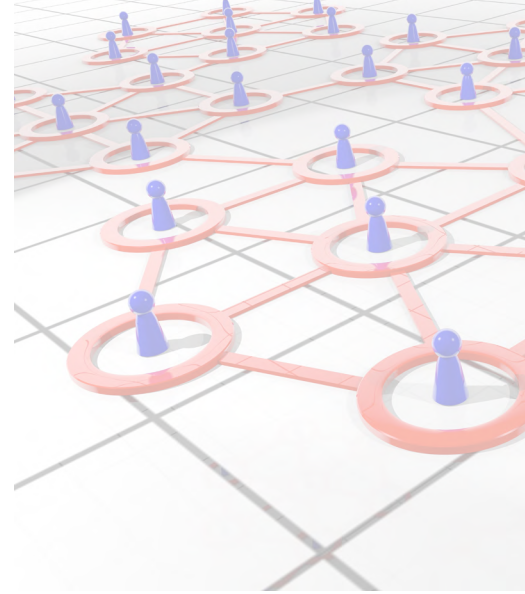
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Cold Calling, Mass Appointment Setting, List Buying Losing Ground to Innovation

Lead management experts are aligning behind the idea that 2010 was a transformational year during which traditional sales methods began withering with the onset of a new vendor selection process driven by automation, cloud applications and social media. This effect has been chronicled and acknowledged by the BtoB media, and is reverberating through corporate ranks.

Curiously, however, some of the oldest lead gathering techniques – such as mass appointment setting, cold calling and purchasing lists; all still widespread practices – have received relatively little attention from the BtoB media or lead management experts. But change has come to this sector. Third-party lead vendors are regaining their seat at the table with advances that are in-step with forces reshaping data, writing a new chapter in the lead gen playbook.

The Tools...Not the Rules...Have Changed

While technologies like CRM synced to marketing automation and advanced web/social search are rapidly displacing “spray & pray” email blasts and cold calling, the endgame is largely unchanged. Vendors still need access to the right decision makers at the right accounts and at critical points in the buying cycle. This task has become even more difficult as the C-suite increasingly insulates itself from sales reps and their pitches, by empowering lower echelon staff to do vendor research and create “short lists” before true decision makers even engage.

This new reality is a tangle of effective multi-channel messaging and content marketing mapped to buying roles and stages. It is also an issue of organizational alignment that many companies still struggle with. This is largely an issue of lead definitions accepted and acted upon across any enterprise.

“Lead definitions are a key component to success now,” said Mike Gospe, principal at BtoB sales and marketing consultancy, KickStart Alliance. “Companies I consult with bring me in and say ‘we’re not getting enough leads.’ The larger problem is that there’s the lack of lead definitions that sales and marketing have aligned themselves with. If you look at the companies that perform the best, it’s usually because they’ve collaborated and agreed on the definition of what a lead is, tied to strategic objectives for the year.”

Gospe said there are four linked actions required to accomplish this alignment:

1. A shared understanding of the corporate strategy.
2. The actual marketing strategy, dependant on listening to the voice of the customer, their pain points, their needs, and the broader voice of the market.
3. Workforce alignment. This is where sales and marketing come together and agree on a lead definition that takes in strategy, the solution criteria customers are looking for, and why the company’s solution the best to satisfy those needs.
4. The outbound marketing and sales behavior that results from points 1 – 3.

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Principal , KickStart Alliance

Automated Referral Marketing Shows its Cards

Pipeline-feeding methods like cold calling and mass appointment setting have existed for years, but have started to fall out of favor with many marketers. Business author and human capital specialist Jeremy Miller writes, “...cold calling is the most ineffective lead generation tool out there.” He offers the following equation to support his statement:

- » It takes 8.4 dials to reach a buying influencer or decision maker;
- » 2% of those phone connections result in an initial meeting;
- » If 30% of initial meetings convert into opportunities – and a sales person closes 25% of those opportunities – it requires 1,000 cold calls to achieve one sale;
- » At that rate, 50 cold calls per day result in one sale every 20 days;

This would yield 12.5 new customers per year. In his article, [The Fallacy of the Appointment Setting Sales Process](#), PointClear CEO Dan McDade said, “Appointment-setting firms appear to offer a shortcut. The truth is they offer about the same value as low-level leads culled from trade shows or mass-market campaigns, neither of which incorporates actual sales lead qualification. Putting a good salesperson in front of a bad prospect won’t yield cost-effective revenue, and appointment setters aren’t focused on finding the best prospects. They just want to get your sales reps as many appointments as possible.”

One alternative to cold calling and mass appointment setting is minimally intrusive, email-based outreach. Some industry pundits say true lead qualification can’t be automated, regardless of its reduced invasiveness. But advocates say the critical modification to this approach is the pursuit of internal referrals, which evidence suggests is making a palpable impact. The question is: where do third-party pre-qualified (sales- and meeting-ready) leads belong in the sales and marketing mix?

“High quality leads that are sales-ready ultimately reduce the wasted investment of sales resources spent on contacting low quality leads,” said Jim Lenskold, president of ROI consultancy, The Lenskold Group, Inc.

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Vendors generating MQLs and SQLs with minimally invasive methods rely largely on relevant content targeted to influencers and decision makers. Email marketing is increasingly at the heart of this method; there is no phone contact. Research indicates its promise. In the 2010 report, *Succeeding With the Nurturing Dialog*, marketing automation provider SilverPop quoted this statistic from the Forrester Marketing Forum 2010:

- » Email is the number-one outbound BtoB marketing tactic used today.
- » 89% of BtoB marketers use email.

Promising new options that certain vendors now offer are a) creating meeting-ready leads without the intervention of human resources on the phone and b) validating the true influence and power of the decision makers via internal referrals. Among firms at the vanguard of this movement is [Vendisys, Inc.](#) formed in 2002. The company’s proprietary vBox™ lead generation engine produces PALs™ (Powerful

Actionable Leads™), which are new types of sales leads that are created using live data streams including lead databases, business intelligence platforms, web mining, census data, and social media to generate internal referrals and meeting-ready sales leads at pre-defined and pre-approved target companies.

“The algorithms in vBox are optimized series of work flows that essentially simulate and replicate the best practices of how super-efficient prospectors would leverage the latest technologies and information transparencies to get their foot in the door of new accounts” said Vendisys CEO, Erik Paulson.

One of Paulson’s unique selling propositions is that Vendisys does not warehouse any data, as many list and lead firms do. He said the initial raw data is aggregated on-the-fly from a dozen different sources and tested for “freshness” before launching the designated campaign.

“Our specialty is generating meeting-ready sales leads without picking up the phone,” Paulson said. “Based on historical behavioral data, we first approach those that will be responsive to referring us to key decision makers, primarily leveraging top-down or peer-2-peer relationships rather than bottom-up ones. Our call to action is not to offer information, giveaways or other enticements. We create a certain amount of buzz and momentum within target accounts themselves

“We’re primarily automating best practice workflows that replicate how a super-efficient sales rep would leverage all of this available information to get their foot in the door of a new account,”

- Erik Paulson
CEO, Vendisys

with a simple solution selling-based message that either self-selects the decision makers in responding or generates referrals to the those key decision makers. That’s how we achieve our quality and precision into what we call “Power” – the Key Decision Maker. The people we get referrals to are much more accurate in the role they play to solve outlined business problems than simply targeting people by job titles, which are often misleading.”

The Vendisys “P3 Matrix” depicts different lead types and their probabilities of conversion into deals. And this conversion is the most important measure of quality.

The 3 building blocks of leads are:

- » P1 = Power, or influence of decision maker
- » P2 = Pain, either latent pain, expressed pain, or interest
- » P3 = Project, a funded initiative with a timeframe

The 3 primary lead types are:

- » Type A – hi concentration of P1 + P2
("Power and Pain")
- » Type B – hi concentration of P2 + P3 ("Pain and Project")
- » Type C – hi concentration of P1 + P2 + P3
("Power, Pain and Project")

The purpose of the "P3 Matrix" is to show that Type A leads are more valuable in sales cycles than either Type B or even Type C, contrary to popular belief. In his book, *Trigger Event Selling*, author Craig Elias infers that Type A leads address a prospect's "Window of Dissatisfaction" where there is a certain level of business pain. Type B and C, however, the pain has become so acute that the prospects have begun actively searching for alternatives, thus the relative perceived value of all potential solutions are drastically lessened due to competition. Based on data from Aberdeen Research and an InnerSell Survey, the probability of converting Type B and C leads into deals shrinks by a factor of 4X to 6X compared to Type A ones. The majority of inbound leads (e.g. web site, Google Adwords or SEO) fall into Type B and C because the prospects are in the searching mode, whereas 80% of the leads generated through vBox are Type A leads.

"Our specific pain points were to identify and reach out to the right people, and have meetings with them."

- Sacha Stel,

Director of Sales, The Softsol Group

Further, "compared to inbound leads, Vendisys leads are generated from within only those target companies the client provides or approves," Paulsons said. "These leads are normally just shy of an actual meeting – this isn't appointment setting – but very close. We do this in an automated fashion without ever getting into a phone dialogue or email exchange with prospects so as not to risk any meaning lost in translation or stealing the thunder of our clients sales reps." He adds that Vendisys' typical yields are high, ranging between 5% and 20%, compared to single digits (or lower) from traditional direct marketing approaches. Campaigns are performance based, where the key deliverables are meeting-ready leads based on actual and original email responses that demonstrate commitment and interest by key decision makers whose influence and roles have been either validated by themselves or by their colleagues.

Inside Out: A Meeting-Ready Case Study Snapshot

“Like any other I.T. vendor, we’re always striving to meet with the right people at targeted companies,” said Sacha Stel, Director of Sales at I.T. solutions company and systems modernization specialist, SoftSol Group Inc. A Vendisys client since January 2009, Stel said, “That effort itself costs money, time, and there’s often a very low percentage of probability that you can find these people and make meetings happen.” SoftSol was using a well-known data product prior to engaging Vendisys. “We needed to target prospects in the most efficient way at the lowest cost,” Stel said. “Our specific pain points were to identify and reach out to the right people, and have meetings with them. This was especially true back in January 2009 when we first engaged with Vendisys.”

SoftSol was encountering issues frequently associated with list acquisition, including a high percentage of outdated, incomplete and inaccurate records, along with misleading titles. He chose Vendisys’ Meeting-Ready Leads.

Stel now receives virtually on-demand, live email responses from decision makers wanting to meet with him but it is from target organization that he has approved versus the inbound leads that he receives where the majority of them are from the wrong

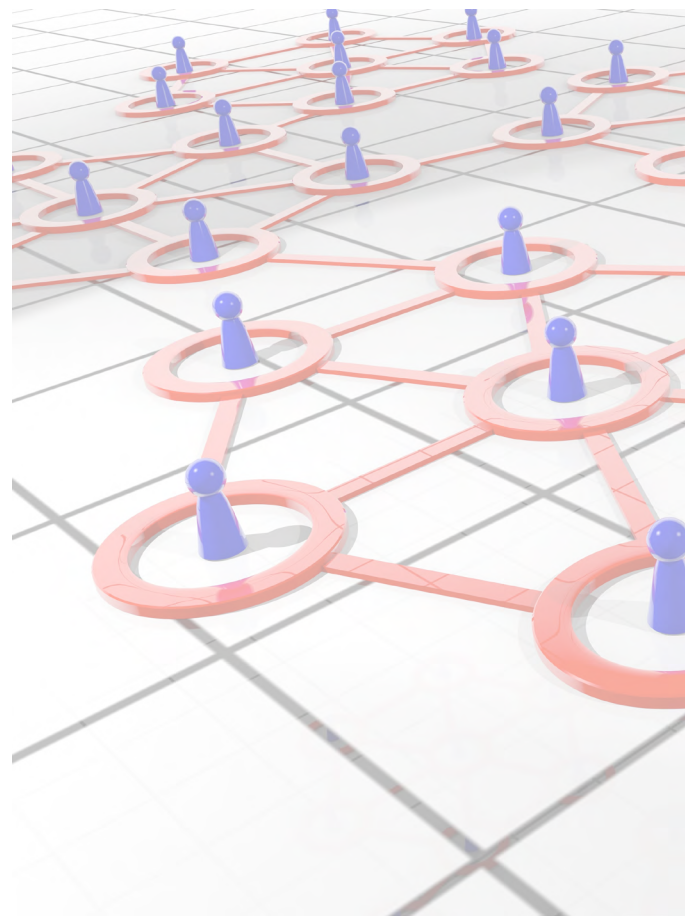
organizations and low-level decision makers. “It’s a lot quicker and easier for us to get meetings this way rather than doing all the research, sending cold emails and pounding the phones,” he said. “We don’t have to do too much. In some cases, all we need to do is send a calendar invite for the times that the prospect asked for without any emails or dials” Vendisys operates on a pay-for-performance model; they are not paid unless they produce the leads.

Results have been up to five times more accurate and actionable, Stel said, while being about 50% less expensive than having a staff line dedicated to lead generation. He adds that out of 50 meeting-ready leads delivered, roughly 40 will turn into actual meetings with the majority of them with high-level decision makers that otherwise would have been impossible to get to by cold calling.

“We’ve found that if you want meetings, there’s nothing better than this,” Stel said. “The first few weeks we were using Vendisys I was having three meetings a day. The moment this went through it was meeting after meeting, to the point where my CEO said ‘enough with the meetings for a few weeks.’ We needed to focus on a ton of follow up in generating proposals and closing them.”

Summary

As lead generation evolves and grows – and as key decision makers increasingly isolate themselves from initial, direct contact with sales reps – innovative applications of automation will continue to appear. The trend is likely to move in lock step with the swiftly diminishing returns of poorly segmented blast emails and cold calls that, at this point, harm brands more than help them. Mass appointment setting via call centers and web-enabled tele-services are options that still help vendors and professional services providers break through. But there is compelling proof that non-invasive yet targeted lead generation via automated emails and referrals has achieved a solid foothold, and is expanding as an effective BtoB sales option.



About Vendisys

Vendisys – Vend (Latin vendere) – to engage in selling + sys-tem (Latin systema) – a group of interacting, interrelated, or interdependent elements forming a complex whole to serve a common mission.

Vendisys is a pioneer cloud-based BtoB lead generation firm with a mission to drive intelligence, efficiency, and effectiveness into the sales funnel.

For more information, visit www.vendisys.com.

About DemandGen Report

DemandGen Report is a targeted e-media publication spotlighting the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of our coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.

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