The 2009 Sales Effectiveness Challenges Series:

Optimizing Getting in the Door – Miracles or Process

By Jim Dickie & Barry Trailer – CSO Insights

Having completed CSO Insights' 15th annual Sales Performance Optimization study, with input from over 1,800 firms worldwide, it is clear that after analyzing the 100+ metrics we track that the challenges facing sales organizations in 2009 are more formidable than ever before. Each year we pick the top problems that are negatively impacting sales results and dissect those issues in more detail. We then offer insights into how to effectively deal with these problems. In this whitepaper we will focus on the challenge of *getting in the door* – turning a lead into a legitimate opportunity.

When we asked sales executives, that took part in this year's study to share with us the top three sales effectiveness initiatives they had planned for 2009, at the top of the list was enhancing lead generation. While salespeople may always feel they never have enough leads, an analysis of the full survey data surfaces what we feel may be a larger issue to address – converting the qualified leads we are already generating into opportunities.

Consider Figure 1. Here we compare the results of our surveys from 2003 through 2008 in respect to the percentage of the firms that we surveyed that reported a qualified lead to opportunity conversion rate of >50%.

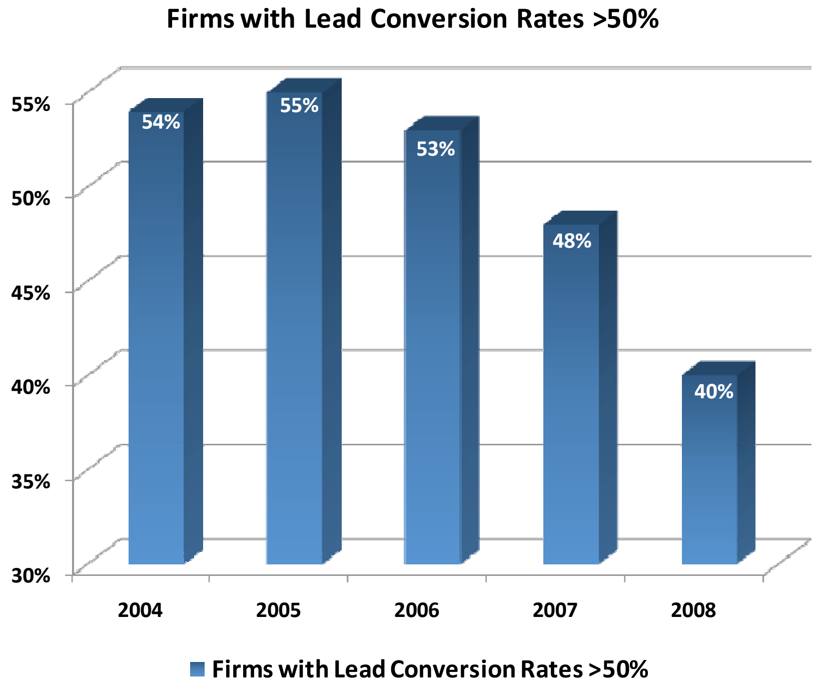

Figure 1

After a slight dip in performance in 2006 we witnessed two consecutive nose-dive years, taking us to a level where now *only four in ten firms exceed the 50% rate*. Looking at the chart above, one could infer that there might be a *Demand Management* problem. Marketing might be ineffective at targeting the right prospects to focus on, generating quality lists, and/or creating and executing lead generation campaigns. Because of this, sales reps are experiencing an *Opportunity Management* shortfall, as not enough new deals are being created to meet their needs.

Based on the results of our 2008 Lead Life Cycle study, this may be a valid issue to explore, but our benchmarking efforts have surfaced that it is not the only explanation for what is happening. Another factor to consider is that a company may well have a *Conversion Management* problem.

So what exactly is Conversion Management? It is the term for the missing link we witnessed after sitting through numerous sales and marketing alignment discussions.

Sometimes the best insights start as a joke. In facilitating a meeting with marketing and sales executives at a high tech manufacturing firm, the focus of the conversation started to center around the challenge of filling a sales territory pipeline. Marketing articulated the process they had in place to create leads. Sales profiled the process used to create a sales strategy for pursuing a new opportunity. But when asked for anyone to explain how the lead became an opportunity, after a period of silence in the room, the CSO quipped: “A miracle occurs!”

The following diagram in Figure 2 will provide a framework for the dynamics of what is happening (or not happening).

Figure 2

While we might all want to believe in miracles, over the years we have found that *strategy* hard to sell to the CEO or the Board. But in fact, while the session attendees couldn’t articulate it at the time, a miracle was not what was happening, process was. That is what we have started to refer to as Conversion Management.

Conversion Management: the process that *someone* (marketing, telemarketing, telesales, or field sales) utilizes to convince the prospect that they need to meet with a sales person, thus creating an opportunity.

If Conversion Management is new to you, it is because it is relatively new to sales. In the 90’s it wasn’t an issue. If a prospect wanted to know about a product, they had to agree to meet with a sales person. Why? Because the rep was the keeper of product knowledge – product specifications, benefits, pricing, references, etc. But over the last decade, companies have opened up access to product information to prospects and customers alike, via the Internet. Websites are now rich with product information, easily assessable 24/7, anywhere in the world.

This created a benefit for clients, but a challenge for sales. Why? Because when someone is considering buying anything today, their first step is almost always to go to the Web to get information from a vendor's website, their competitor's sites, blogs, etc. Because of this, they can become well versed about the product without having to talk to a sales person. When they do ultimately contact a vendor (register at the website, call an 800 number, signup for a seminar/webinar, etc.), and make themselves known as a "lead," the need to talk to a sales person is diminished if all the rep can do is talk about the product. The prospect already knows the basics about that; they want to take the conversation to a deeper level.

To facilitate these interactions, the individuals chartered with the new task of Conversion Management need an understanding of the market conditions causing companies to seek to achieve gain or remove pain, insights into the needs of key stakeholders who will be involved in evaluating a solution, details on what other firms in the prospect's market are experiencing, etc. Without these, they will be hard pressed to convince a prospect that a sales person brings enough new information to the table, over and above product knowledge, to warrant a meeting to discuss issues further.

Yes, this Conversion Management is adding to the complexity of selling, and yes it will require new investments to address this challenge. *But consider the cost of doing nothing* and watching conversion rates remain low.

We segmented the 2009 survey data based on the lead conversion rates companies were achieving and then compared the percentage of revenue plan attained and the win/loss/no decision rates of forecast deals achieved. A summary of these numbers are seen in the following table:

Lead Conversion related to:	**Lead Conversion <25%**	**Lead Conversion 25% - 50%**	**Lead Conversion >50%**
% of overall revenue plan attainment	83%	85%	90%
Win/loss/no decision rates of forecast deals	43%/ 33%/ 24%	48%/ 31%/ 21%	51%/ 27%/ 22%

If we do not give salespeople enough opportunities to pursue, we are adding to the challenges they already face selling in a turbulent environment. As the tight economy is putting pressure on marketing budgets, generating more leads will not be an alternative for many firms. Sales organizations therefore need to determine ways to optimize Conversion Management in 2009, or otherwise be prepared to see their sales teams significantly underperform as a result.

About ShadeTree Technology

This CSO Insights analysis is provided to you compliments of ShadeTree Technology. ShadeTree's Incite2 product is the world's first comprehensive solution for improving and managing the inside sales function within your sales organization.

Incite2 brings innovative capabilities to the Conversion Management Process, helping sales reps target, message and engage more successfully with prospects, resulting in increased revenues, forecasting accuracy and sales velocity.

Learn more about their solutions, research and innovative methodologies at:

ShadeTree Technology
sales@shadetreetechnology.com
www.shadetreetechnology.com
(888) 443-1114