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Introduction to Integrated Marketing:
LEAD SCORING

Are You Making The Most Of Your Sales Leads?

Lead scoring is a key missing link in many B2B marketing strategies. According to a recent Gartner study, 70% of sales leads are either not properly leveraged or completely ignored – thus wasting precious marketing program dollars. Lead scoring plays a critical role in addressing this problem, allowing marketers to prioritize leads, qualify the right leads for sales, and capture long-term sales opportunities that would otherwise be lost.

A growing number of B2B marketers understand this vital role lead scoring plays in the marketing process. Yet they still face challenges getting started with lead scoring and learning how to generate a measureable ROI from their efforts. This is especially true for small marketing teams working with little or no formal IT support.

In the following guide, we'll explain seven foundational steps your company can take to set up a functional and cost-effective lead scoring strategy. These include understanding the fundamentals of lead scoring; learning how to identify the traits that define your ideal sales prospects; and building a system that will grow with your organization over time. We'll also explain why it's so important to work closely with your sales organization on a lead scoring strategy.

Step 1: Understand Lead Scoring

You already know that not all leads are created equal. Some are red-hot and ready for your sales team to convert them into paying customers. Others are interested, but perhaps they aren't quite ready to buy. And some just aren't very promising – and probably never will be.

Lead scoring gives your company an objective system for ranking your leads. Most scoring systems use ranking criteria that fall into two categories:

1. Demographic/firmographic: What individual traits define your ideal customer? This may include a lead's job title and department, as well as their company's size, revenue and industry focus.

2. Behavioral: What sort of "online body language" does a prospect exhibit? Examples include website visits, responses to email offers, marketing content downloads, and a willingness to complete online registration forms.

Examples Of Behavioral Scoring Criteria

Email Marketing

- Clicked on message
- More points for specific messages
- Do not assign score if no action takenfor:
  - "Email sent"
  - "Opens"

Forms

- Submitted/viewed form
- How did they respond to the questions?
- Is the data they provided valid?
- Do they fit your target audience?

Web Visits

- Number of pages visited?
- Which pages visited: Contact Us and/or Pricing vs Support?
- How often do they visit the site?
- Referring site

Webinars

- Attendees vs non-attendees
- Visited registration page but didn't submit

Other Demand Gen

- Download whitepaper or other media
- Attend a trade show/physical event
- Print advertising respondent

What kind of data you capture is important, but it's just as important to look at how you capture data. This also involves two categories:

1. Explicit: This is data that a prospect gives you (their job title) or that you can gather directly (an IP address).

2. Implicit: This is data that you gather by observing the prospect (which website pages they visit) or by analyzing explicit data sources (linking an IP address to a particular company).

It's easy to gather certain types of explicit data from your prospects. Other scoring criteria, however, require more sophisticated analytical tools, which is why so many companies are now investing in marketing automation software with built-in lead scoring features.

Step 2: Gather Your Lead Scoring Team

Lead scoring isn't just a marketing activity. In fact, it's very important for sales and marketing to work together to build an effective system.

One good way to do this is to create a lead scoring team that includes representatives of your sales and marketing organizations. Your sales managers and field reps can tell you which traits define their ideal prospect – and which traits suggest they're on the wrong track. The marketing team, in turn, can work this real-world feedback into a lead scoring model.

This isn't just a one-time activity. Your lead scoring team should meet regularly to assess the results and provide feedback.

Step 3: Define Your Scoring Criteria

There's another very important ingredient to lead scoring success: old-fashioned detective work.

Go back through your historical deal data and existing sales pipeline data. Which traits can you identify that are typically associated with closed deals? Which ones tend to indicate deals that either fall through or take longer to close?

Also take a close look at your marketing automation and website analytics. Even a basic analytics system will show you that successful deals often begin with certain types of behavior – pages visited, content downloaded, forms filled out. The challenge here is to start out simple and focus on a few key indicators of success or failure, rather than starting with dozens or even hundreds of data points and getting bogged down in details.

A Typical Lead Scoring System

Who you are: A small software company with offices in the United States and Asia.

What you do: Sell expensive and specialized software to large enterprises.

Registration Question	Excellent Prospect		Okay Prospect		Bad Prospect	
Job Title	IT Director	5	System Administrator	3	Sales Engineer	-4
Location of Headquarters	United States	5	Hong Kong	4	Romania	-5
Company Size	> 5,000	4	1,000 - 5,000	2	< 1,000	-2
Industry	Information Technology Services	5	Computer Software	4	Automotive	-5
Budget	>50,000	4	10,000 - 50,000	3	<10,000	-2

Implicit Online Behavior	Point Value
Visitor downloaded the How Do We Compare To Our Competition white paper	5
Visitor browsed company website multiple times in the past 7 days.	5
Visitor downloaded the Evaluation Guide.	5
Visitor is already a lead in the sales system.	4
Visitor clicked on company's Jobs web page.	-5

Step 4: Build Your Lead Scoring System

Now it's time to turn your criteria into a functional lead scoring system.
Here's how to get started:

1. Decide what matters: Some scoring criteria are far more important than others. Viewing a product demo, for example, is more important than just visiting your website home page when it comes to identifying a hot sales lead, and, depending on your business, a visitor from a Fortune 500 company may be a much better prospect than one from a smaller company.

2. Decide what doesn't matter: Do certain scoring criteria tell you that a prospect is less likely to buy? That's just as important, and it shouldn't be overlooked (see below).

3. Set your scoring thresholds: Your lead scoring team should decide how to segment your leads based on their scores. Your process could use letter grades or a point-based system, or it could simply separate leads into groups like "hot," "warm," and "cold."

This probably sounds like a really tough process: How can you really know the precise difference between a "hot" and "warm" lead? Don't worry, because it's more important to start this process than to get it exactly right. You'll have plenty of time to experiment and adjust your scoring system later – especially if your lead scoring team stays involved in the process.

The Positive Role Of Negative Scoring

Lead scoring isn't just about finding hot prospects – it's also about weeding out the cold ones. That's why it's important to build negative lead scoring criteria into your methodology.

Consider a few data points that should raise big red flags for your marketing team:

- A website visitor spends most of his time on your "jobs" page;

- All of your clients are Fortune 1000 companies – and a prospect identifies herself as a small business owner;

- You sell manufacturing equipment – and a prospect identifies himself as CEO of a consulting firm.

Rather than adding points to a scoring profile, each of these examples should subtract points. In other words, even if that consulting CEO scores points for doing the right stuff – downloading white papers, looking at demos – the fact that he's way outside your target market makes him a very unlikely prospect.

Some marketers might hesitate to "demote" prospects based on negative scoring criteria. It's important to trust your scoring system, however, and to remove these people before they get into your sales pipeline and waste resources. After all, effective lead scoring is all about quality, not quantity.

Step 5: Create Your Action Plan

This may seem obvious: "hot" leads go to the sales team, and "cold" leads don't go anywhere. Yet there's a bit more to it than that.

First, you need to spell out a process for delivering hot leads to sales reps. How quickly should these leads reach a sales rep? Who is responsible for approving and routing leads? How is the actual lead data transferred to the sales pipeline? In many cases, there are technical issues here (such as integration of marketing automation and sales force automation or CRM tools) that need to be addressed.

Next, decide what to do with those "warm" leads. Most companies put these leads into a nurturing program that engages warm leads and eventually converts a certain number of them to sales-ready leads. In fact, lead nurturing – and its ability to convert leads that might otherwise get lost or dismissed as "not ready" for sales – is one of the biggest long-term benefits of a lead scoring system.

Finally, set a policy for dealing with "cold" leads. It may or may not be a good idea to maintain some level of engagement with these leads, depending on their exact lead score, the length of your sales cycle and other factors.

Lead Scoring Thresholds: Building An Action Plan

Demographic Score

Behavioral Score	0 or less	1-5	6-15	16+
0 or less	COLD	COLD	WARM	WARM
1-10	COLD	WARM	WARM	HOT
11-20	WARM	WARM	HOT	HOT
21+	WARM	HOT	HOT	HOT

- (blue) leads are discarded
- (orange) leads are placed in a nurturing program
- (red) leads are routed immediately to sales

Step 6: Measure Your Progress

Successful companies constantly test their lead scoring models by comparing them to actual results. Are "hot" prospects leading to a consistently high number of closed deals? Is there a disconnect between what the scoring data tells you and what the sales reps actually see?

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When your sales reps spot problems with the process, you need to know about them. It's also important to review the data from your marketing automation, CRM and sales force automation systems, looking for patterns that show whether your current scoring model is delivering the goods.

Also establish metrics to demonstrate the ROI of your lead scoring program. Once you begin scoring, for example, the number of leads you deliver to sales may drop – but the value of those leads, in terms of closed deals and average revenue, may rise dramatically. If you track and capture these changes, you'll be in a much better position to demonstrate the value of your lead scoring investments.
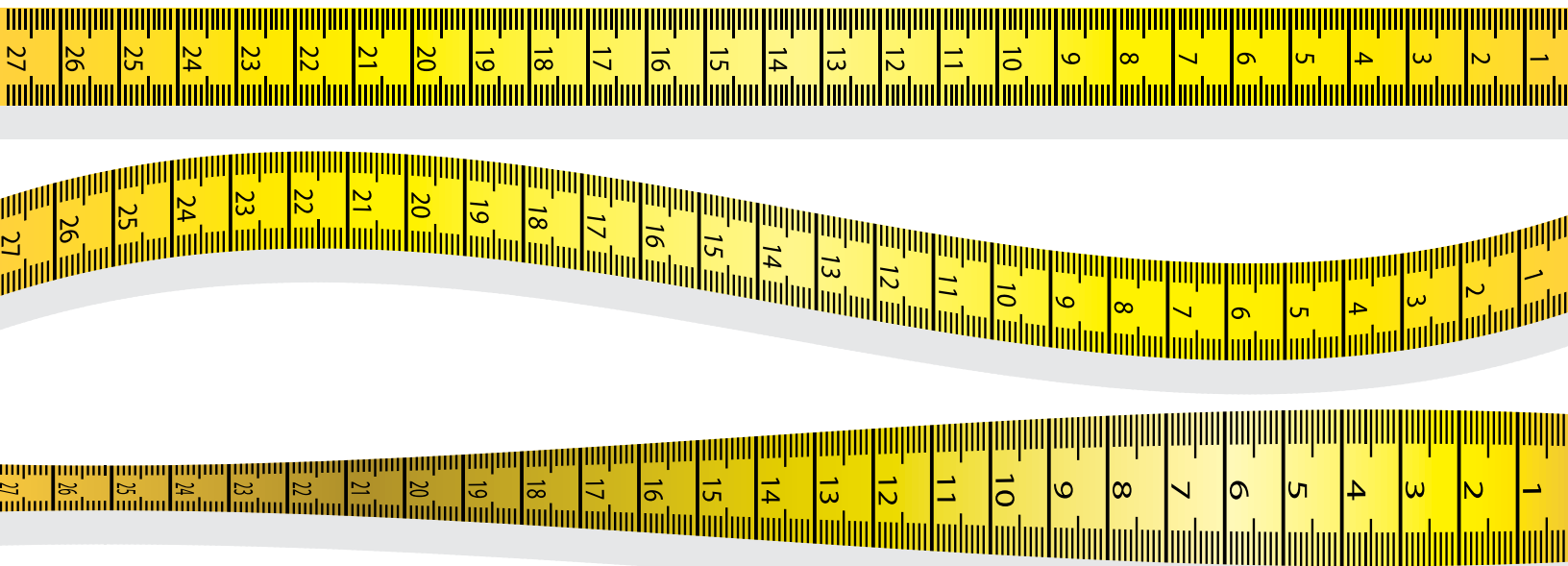
Step 7: Refine Your Process

There's no such thing as a "final" lead scoring model. In fact, the testing and tracking process should constantly identify new ways to refine your lead scoring. If your sales pipeline data suggests that certain hot" scoring criteria don't matter, for example, then your next step is to figure out which data points will be more useful for identifying hot prospects.

There are two rules to keep in mind when you look for long-term lead scoring success:

1. Don't be afraid to experiment. Even if your lead scoring system works well, it's always possible to improve it.

2. Follow the data where it leads you. Don't hesitate to dump bad assumptions about your sales prospects. Markets are always changing and evolving, and so should your scoring. If that means abandoning long-held assumptions about your customers, then so be it.

Getting started with lead scoring is a lot more important than getting it perfect. You'll gain a better understanding of what defines hot sales leads, build a better relationship between sales and marketing, and lay the foundation for a lead nurturing strategy. And best of all, your marketing organization will get the tools it needs to show exactly how its lead scoring investments pay off.

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About ActOn

Act-On Software's cloud-based integrated marketing platform is rapidly becoming the foundation for successful marketing departments in organizations of all sizes. Act-On's highly intuitive user interface, complete online marketing tool set and affordable pricing starting at just $500/month have enabled the adoption of marketing automation technologies without dedicated IT support.