THE SECRETS OF
SUCCESSFUL LEAD SCORING:

A How-To Guide for B2B Organizations to Better Qualify Prospects & Improve Pipeline Performance

✔ **Lead Scoring Checklist**

✔ **Scoring Dos and Don'ts**

✔ **Use Case Studies**

EXECUTIVE SUMMARY

The basic premise of lead scoring — assigning a rating of different prospects based on their behavioral or demographic patterns and prioritizing the higher scores as better candidates for sales to pursue — seems simple and compelling enough to most B2B organizations.

However, while lead scoring makes sense in theory, the reality is that the majority of companies that have deployed a marketing automation system haven't realized the full potential that lead scoring can provide. Why?

According to a recent survey conducted by DemandGen Report, only 32% of marketers said they were "effectively using" the lead scoring

functionality in their marketing automation system. About 3 in 10 respondents said they were using scoring "somewhat" and 39% were not using the tools at all.

Applied correctly, lead scoring can greatly increase the efficiency of both sales and marketing organizations by assigning a priority and rating for the appropriate level of sales engagement to all prospects. Illustrating the potential impact scoring can have on revenue performance, Aberdeen Group's survey, *Lead Scoring and Prioritization: The Path to Higher Conversion,* found that 80% of top-performing companies are more likely to use lead scoring as part of their lead qualification process.

Unfortunately, many companies don't know the right way to build a predicatble and reliable formula for incorporating behavioral and demographic data to form lead scores--so they wind up with models that are more guesswork than science and sales winds with lots of false positives and negatives, losing confidence in the system.

In order to get a look behind the scenes at how companies are successfully utilizing scoring within their business, DemandGen Report recently got an all-access pass to some of the award-winning programs developed by DemandGen International.

Note: *DemandGen Report is not affiliated with DemandGen International.*

HOW MARKETERS USE LEAD SCORING IN THEIR MARKETING AUTOMATION SYSTEMS

Only **32%** said they were "effectively using" lead scoring

3 in **10** respondents said they were using scoring "somewhat"

39% were not using the tools at all.

- DemandGen Report

Click to view the full DGR Survey

Recently ranked as one of *Inc. 500's Fastest Growing Companies* in 2011, DemandGen International provided us with a rare glimpse into its proprietary sales discovery process for building successful scoring systems for many of the top sales and marketing teams worldwide — from tech startups to large multinational corporations.

The global marketing consultancy's award-winning approach to the complex area of lead scoring was once again recognized for it's effectiveness when GAIN Capital Holdings, was presented with the Markie award for Best Lead Scoring Program.

80% of top-performing companies are more likely to use lead scoring technology.

–Aberdeen Research

In order to effectively prequalify likely buyers and set them up for sales follow-up, DemandGen International's innovative approach to lead scoring shares the same principles for matching B2B prospects to the mathmatical models applied for online dating services such as **Match.com** and **eHarmony.com**.

This E-book contains a "how-to" blueprint with prescriptive steps demonstrating how companies can build optimal scoring systems that are then presented in visual formats within the CRM for sales teams.

THE SECRETS OF OPTIMAL LEAD SCORING: AN INSIDE LOOK

When online dating sites first emerged on the scene, there were many doubters that automated solutions could truly predict compatibility. However, research shows now more than 1 in 5 relationships start online, and one of the principles of the success of sites like Match.com and eHarmony is and the ability to determine a match based on an algorithmic match between profiles.

Similarly, DemandGen International starts the modeling of its scoring programs by gathering insights from both sales and marketing teams to produce a profile of the common attributes that pairs a company's ideal customer profile (ICP) with prospects entering the funnel.

" The hardest part of lead scoring is coming up with those criteria. What defines your ideal prospect? What do you need to know about them, and how do you go about getting that data?"

"eHarmony helps you find your soul mate by comparing 29 different dimensions of compatibility or what we call 'fit' criteria," said David Lewis, Founder and CEO of DemandGen International. "The good news, from a B2B lead scoring perspective, is that you don't need your forms to capture 29 dimensions. You're not trying to find your soul mate. You're simply trying to rank leads compared to your ideal customer profile."

And while 29 qualification criteria may be overkill, key qualification and interest criteria are complemented with an analysis of historical patterns and other filters that enhance the two-tiered scoring model. This rids systems of "false positives" and identifies leads in the ideal quadrant. This takes some skill. "The hardest part of lead scoring is coming up with these criteria," Lewis said, "Helping clients undercover what defines their ideal prospect,what key pieces of data will be used to profile them, and how should they go about getting that data is the heavy lifting."

Digital body language offers marketers a better understanding of likelihood to purchase, similar to the physical shopping experience in the retail word.

Lewis pointed out the need to resist the temptation to use BANT criteria. In another comparison to the dating analogy, Lewis pointed out that when you meet someone for the first time at a bar, you don't start by asking "how much money do you make?" but you might ask what they do for living. "Having the right questions, and wording them the right way is an art and science in the qualification part of the scoring model," he said.

This is where DemandGen International extensively interviews sales teams, moderates workshops for better sales and marketing alignment with the primary goal through alignment to uncover common traits among existing clients. Carefully analyzing closed opportunity data and customer win use cases is essential for developing a predictable and reliable model. Online behavioral scoring is also used to measure interest levels based on the digital body

" If you're selling a product in retail you can literally see the process. A person will take an item off the rack, look at the size and price tag, hold it up and even try it on. Those are all buying signals that help a retail salesperson know when to approach and assist with information. In the digital world, the equivalent of that is digital body language."

language of prospects. Factors like their content consumption and web site activity are helpful clues for persona matching.

This depth of fact-finding and predictive modeling is at the heart of each DemandGen International scoring model. It provides an online framework that mimics live sales dynamics for B2B marketers.

"If you're selling a product in retail you can literally see the process," Lewis said. "A person will take an item off the rack, look at the size and price tag, hold it up and even try it on. Those are all buying signals that help a retail salesperson know when to approach and assist with information. In the digital world, the equivalent of that is digital body language. We assist at each stage with carefully scored content, then approach with an email or a call when it's time to engage."

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A STRUCTURAL APPROACH TO SCORING

One of the first mistakes companies make in developing a scoring system is that marketing fast-forwards to assigning ratings before they have even gathered intelligence from sales on the typical make-up of a qualified lead.

In order to be successful with lead scoring, DemandGen International helps clients develop an internal task force from sales and marketing, with the goal of defining the profile of an ideal customer. "Without that alignment up front, your lead scoring system is destined to fail," Lewis said. "Both marketing and sales certainly want to be more successful working together on this. They just don't know how. You know, cats and dogs working together."

When DemandGen International is called in to build scoring programs, the company first focuses on processes and alignment, with a necessary outcome often resulting in a written internal Service Level Agreement (SLA) for lead follow up process and timing. Additionally, the company initiates taxonomy between sales and marketing, so the teams can collaboratively decide on an agreed-upon definition of the term "lead," which is a constant point of friction between the two departments.

" Lead scoring is not a crystal ball to tell you whether or not a prospect will turn into a customer — it's a tactic to make the sales team more efficient using qualification and prioritization."

This SLA must include:

- **Common definitions** of lead types (AKA "shared lead taxonomy");

- **Enforced timeframes** for sales to act based lead type/taxonomic priority; and

- **The proper actions** and escalations for each agreed lead type, with fast-tracking for leads that meet agreed upon qualification criteria.

Also by way of definition, Lewis said, "Lead scoring is not a crystal ball that tells you which prospects will turn into a customers. Lead scoring is a system to make the sales team more efficient through pre-qualification and prioritization."

Because marketing and sales must agree on what a Marketing-Qualified, Sales-Accepted Lead is (and what to do with it), alignment around these processes is often what separates winners from losers. But it's easier said than done, and just winging it on alignment is rarely productive. These facts are driving high demand for lead scoring expertise.

"To be successful with lead scoring you have to start with an internal demand generation task force — a small group of people from your respective teams that are going to sit down and work together to flesh out the pattern of an ideal customer profile," Lewis noted. " These personas provide a foundation for scoring, and are essential for nurturing and audience marketing too."

INSIDE THE LEAD QUALIFICATION PROCESS

POINTS FOR PROFIT: CONTENT VALUATION AND LEAD SCORING ACCURACY

In B2C or B2B prospecting, accurate scoring of assets and behaviors results in strong matches. Content assets and lead behaviors to consider for scoring include:

- **Webinars** – Who registered? Who attended? Who opened follow-up emails? Who actually downloaded post-session materials?

- **E-books & White Papers** – Who downloaded? Of those, who made further inquiries? Who clicked through on key call to action links?

- **Videos** – Who watched? Did they consume other related content?

- **Product Demos & Free Trials** – Who requested demo versions? Who downloaded the trial version? Of those, which ones installed or logged in?

- **Content Behavior** – Do prospects consume lots of assets? Do individuals appear to have authority by reviewing pricing? Are they looking into ROI calculators, deployment tools, or similar buying behaviors versus "drive-by" visitors?

TAKING A SIRIUS APPROACH TO SCORING

A key component of lead scoring is calculating which stages prospects are at in the funnel and then taking the necessary steps to move qualified leads to opportunities. In order to help its customers benchmark these prospect stages, DemandGen International recommends clients integrate scoring into a broader lead management framework. Establishing definitions for each stage of the buying cycle and tying the staging to scoring will enable you to leverage your scoring system to automatically set the lead status such as an "Automated Qualified Lead (AQL). For example, a low scoring lead will be classified as an Inquiry, while a higher scoring lead would be marked as Marketing Qualified — indicating the readiness for sales acceptance. To see this framework in action, **click here** to watch a 3-minute video description or visit **http://www.demandgen.com/demo**

"A solid lead scoring approach not only helps to rank prospects against one another, but also can smooth the lead flow and serve as the baseline for building a range of business rules that include ownership, role and activities," according to SiriusDecisions' field marketing research brief, *What's the Score?*

Expressing what are considered baseline best practices, SiriusDecisions noted an effective lead scoring process usually breaks down into three information "families" or categories:

1. **Demographic:** Define each lead at the individual or "person" level to build profiles of content consumption and behavior. At the "corporate" level dynamically store and refresh information on industry, vertical, annual revenue, number of employees, location, etc. Any past dealings and known buying patterns at both individual and corporate levels is vitally important, if available.

2. **Activity:** "Best-in-class organizations are using homegrown systems and/or outside vendors to capture as much of a prospect's interaction history as possible over their lifetime, and to use these systems not only to assign scores, but to automate subsequent activity," the research brief noted. This doubles down on using marketing automation and a lead management consultant to get lead scoring off the ground and keep it on track. Special care should be taken in activity weighting of what SiriusDecisions calls "habituals" — those web site window-shoppers and content consumers that rarely convert — creating false positive leads that eat up internal resources.

3. **BANT:** The familiar Budget/Authority/Need/Timeline formula. However, SiriusDecisions noted deep-rooted flaws of the BANT methodology used alone, including the fact that "Buyers Are Liars," referring to false positives parading as interested buyers taking sellers on pointless proposal journeys; lead weighting by product/service "Demand Type" from established to disruptive; and the intermittent use, if and when possible, of third-party telemarketing firms to cross-check lead samples for profile accuracy. SiriusDecisions also reported that no single attribute in its best practices suite gets more than a 41% response rate, proving the need for improved asset weighting and smarter use of automation.

FINDING THE RIGHT "FIT" FOR SCORING

Schools of thought vary somewhat on how to qualify and rate leads. Drawing from industry best practices and years of global field experience, DemandGen International recommends zeroing in on two types of overall "fit" criteria first, and then going deeper with unique profiling questions. Principal criteria are:

• **Explicit** "fit" criteria, which are provided by the prospect. Examples might include company size, industry, role and specific product/service interests. Explicit attributes are typically obtained through web site forms when a lead first comes into the system.

• **Implicit** "behavior" criteria that are based on online activity, and often called digital body language. Examples might include the depth of a web site visit (as well as how many times and how recently), clicking through nurture emails, registering for webinars, completing certain "high-value" forms, and even viewing particular areas of the web site that can indicate buyer interest.

DemandGen International's award-winning methodology for producing scoring algorithms is their "secret sauce" and the formula used for each client is customized based on variables specific to their ideal customer profile and often analysis of historical data. "There's plenty of variables you can use but selecting the right ones and weighting them properly is the key," Lewis said. "For example, research finds that anyone who visits your web site more than two times is showing a high degree of interest. We give bonus points for that behavior. If they're looking at product comparisons or price lists, the model gives them additional points there. With more than 300 client engagements to draw upon, we're starting to feel a bit like the FBI in profiling B2B buyers."

Click to view larger image

HOW TO SCORE

Vistage Sales & Marketing Teams Collaboratively Define Quality Leads

[**Click here**](#) to access the full case study

Company: Vistage International
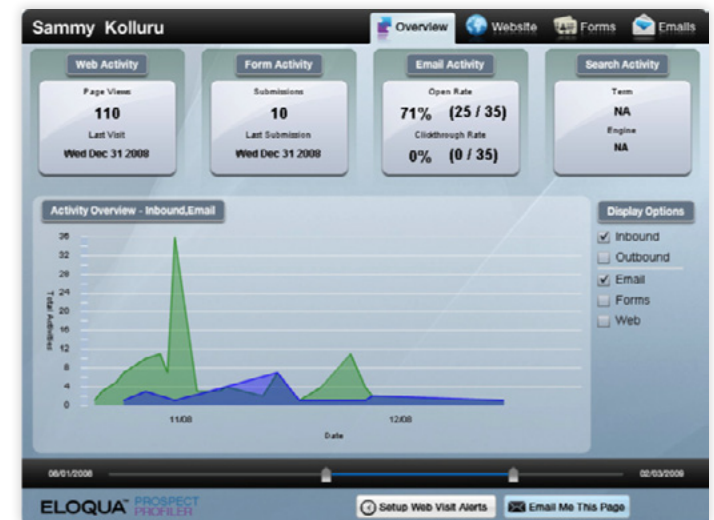
Industry: Business Coaching and Peer Group

Prospects: Senior Executives

Prime Qualifying Questions: Company Revenue, Role, Wether they were nominated by another Vistage member?

QUALIFICATION "DOS"	QUALIFICATION "DON'TS"
✔ Do create an internal Demand Generation Task Force between marketing and sales that agrees on common lead definitions, descriptions and profiles;	✘ Don't default to overly simplistic progressive numeric scoring methods (100, 200, 300) that often return false positives because of progressively high interest scores;
✔ Do utilize marketing automation and CRM platforms, and get lead scoring systems up-and-running right the first time. And if lead scoring is new to your company, consider getting a lead scoring expert to moderate the workshop and provide experience to eliminate data guesswork;	✘ Don't build a model based on BANT criteria for determining fit. Asking budget and timeframe questions on forms is not best practice;
✔ Do cross-reference demographics and firmagraphics against individual lead scores to create buyer profiles that provide better predictability;	✘ Don't use qualification criteria of verticals or markets where you don't currently have ideal prospect matches. Fit criteria should be based on your historical ideal customer profile not desired ones;
✔ Do weigh and track only as many variables as you need to generate ideal leads that meet your "fit" criteria (as described above). If you track too many variables you will over complicate the model. You're not building a system for finding sales' soul mate; you're developing a predictive model for prioritizing qualified leads for sales.	✘ Don't guess. Automated lead scoring has a lot of moving parts – lead definitions, asset weighting, behavioral targeting – so even well-heeled enterprise players bring in experts to set them up and validate the system. Change management is a big factor in successful adoption and may need an outside "agent of change;"
✔ Do engage prospects with fresh content that's appropriate for specific buyers and phases.	✘ Be sure to factor in key digital body language that spots engaged prospects.

Other scoring considerations include:

Form activity – Leads providing accurate contact information to download content assets are showing a high degree of interest. DemandGen International gives points for each form submission. Certain forms are considered higher interest and get score accelerators. Examples include requesting free trial downloads or demo requests.

Time commitments and responsiveness – Signing up for live webinars is a good interest qualifier, and showing up or downloading the post event recording often gets bonus points. Similarly, email open rates are good to have. But click-throughs and lead behavior on certain landing pages can reveal prospect interest levels that are key in the scoring algorithm.

Offline Lead Gen – Contrary to perceptions, online marketing and social media have not completely negated other marketing mediums. In fact, offline marketing should be factored in as well. Inquiries from tradeshows and in-person events should also be factored. According to Lewis, incorporating offline interest is equally important where possible.

A CLEAR PICTURE OF SUCCESSFUL SCORING

Automated lead scoring necessitates that web site activity, landing pages and forms, webinar registrations, emails and other key behaviors (including attending live events) be incorporated in scoring algorithms. Yet the fact that great B2B content should be plentiful, the factoring in of prospect download activity often doesn't get properly incorporated into the scoring model.

The scoring formula is key, but the presentation of the information to sales is equally important. For DemandGen International's clients, careful attention is put into how the scored leads are displayed in the CRM system for sales.

"The CRM system needs to updated to support the lead status values and scores that have been decided upon," Lewis said. "Often, data needs to be cleaned, normalized and standardized to get accurate and complete qualification scores. The data step is extremely important because again, scoring is a mathematical equation. If the values aren't standardized, and normalized, or missing then the system will not be completely accurate. We place a major emphasis on the handoff process to sales, and developed a strong visual presentation of prioritized leads in the CRM for effective sales adoption."

The use of roll-up dashboards, visual reporting and even basic CRM training all come into play as part of preparation, testing and deployment. In fact, DemandGen International configures a graphical interface (think restaurant and movie "star" ratings) for presenting lead scores in the CRM. Lewis said "it's a very effective way to get to a sales rep to spot the ranking over just a numerical score."

After the SLA is locked in, weighting, scoring, system testing and other elements are piloted prior to a full deployment. Much activity is concentrated within marketing during this pilot period, Lewis said. But the sales team needs to help pilot the system and embrace the new lead management system and process. This is a training (and retraining) time for sales. It goes back over what's in the SLA, how leads are tracked, how ratings are derived and how prescribed follow-up actions are applied. Organizations must also be reminded that lead scoring is "not a predictor of whether or not they are going to close this deal. Rather, it's a way for them to prioritize who to engage with first," Lewis said, emphasizing that sales management (not marketing) should coach this part of the process.
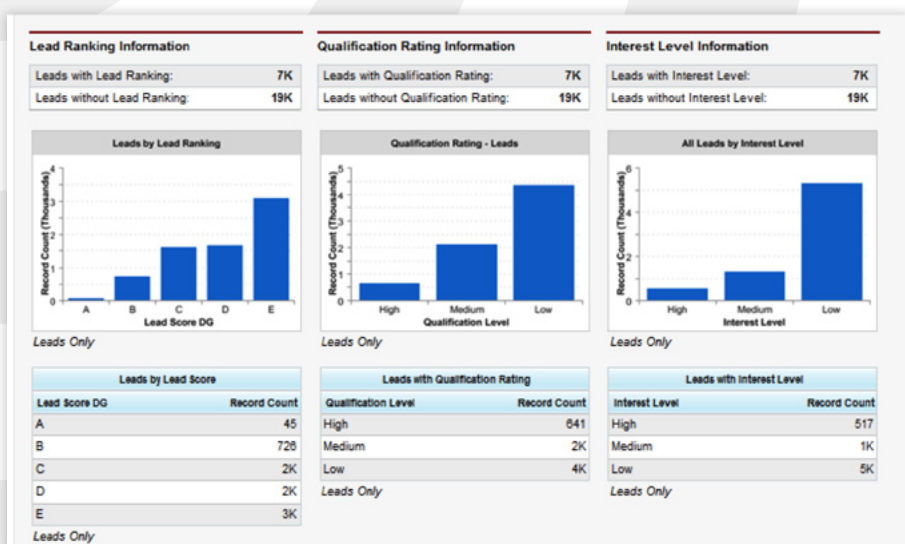
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THE DOS & DON'TS OF LEAD SCORING

IMPLEMENTATION "DOS"	IMPLEMENTATION "DON'TS"
Do seek the advice of an experienced lead scoring modeler to help you develop your lead scoring system and be an agent of change;	Don't sabotage the nurturing process (which feeds the sales lead queue) by skimping on content. Great B2B content is scored on how its granularity and complexity match buyer's needs;
Do use lead scoring to track online behavior – AKA digital body language – following along as prospects consume content, and emit important buying signals that trigger sales action;	Don't botch the balancing act by not leveraging key behavior criteria. Online dating sites might use 29 fit criteria to find your soul mate, but B2B lead scoring is looking for buyer behavior patterns.
Make sure that numerical lead scores calculated in the marketing automation system are visually presented in the CRM so that sales reps can quickly spot who to contact.	Don't expect immediate impact. Allow at least 2-3 months for your implementation to start showing measurable results. New lead scoring algorithms need to be analyzed and refined using the sufficient data collection.
Do plan on 2-3 months for your data analysis, modeling, pilot and full implementation. New lead scoring systems should not be guesswork and should leverage sufficient historical data.	

3-Phase Lead Scoring Implementation

- **Phase 1** – discovery and developing a qualification model;

- **Phase 2** – incorporating and weighting online behaviors, web site form updates, then testing the scoring system through a pilot with sales;

- **Phase 3** – full rollout and ongoing auditing and fine-tuning.

NEXT STEPS:
IMPROVE LEAD SCORING EFFECTIVENESS NOW

Lewis noted candidly that lead scoring is one of the more challenging initiatives for most companies to undertake, as it requires alignment of sales and marketing, as well as process change to be truly effective. Even so, he pointed out that increased sales efficiency through scoring is very achievable. It really requires a commitment to implement properly. Quick and dirty implementations won't produce measurable results typically.

It's important to remember that automated lead scoring isn't a static score. Many qualified prospects will need more nurturing by marketing to bring up their interest scores to get a clearer signal of buying intent. To cultivate a new lead type that costs less to acquire, responds better and converts faster at higher deal values, companies are now:

- **Acquiring and/or enhancing marketing and sales force automation systems;**

- **Assembling a cross-departmental Demand Generation Task Force whose purpose is to define the ideal prospect profile and model against it;**

- **Enacting a discovery process to sketch out criteria that measure qualification and interest with implicit and explicit criteria;**

- **Factoring in and weighting key content assets and buying centric web site behavior**

- **Testing and refining the scoring system;**

- **Keeping sales engaged with ongoing training; and**

- **Creating effective handoff process to sales with improved CRM visual presentation of scored leads.**

Lead Detail   Edit | Convert | Clone | Find Duplicates | D&B Check

Company	ADNET SYSTEMS INC	Lead Theater	North America
Name	Thomas Gaeng	Lead Country	USA
Title		Lead State/Province	MD
Phone	301-352-4623	Lead City	LANHAM
Email	tgaeng@sesda2.com	Lead ZIP/Postal Code	20706
Email Opt Out	☐	Lead Street	7515 MISSION DR STE A100
Lead Owner	Casey Karp [Change]		

▼ NAS Activity Information

Lead Status	Converted	Follow-up Date	
Outcome	Created Opportunity	How did you hear about ShoreTel	
Qualified Date	4/4/2011 11:54 PM		

▼ Additional Information

Purchase Timing	1-6 months	Multiple Office Locations	
Num of Telephone Users	100 to 499	Industry	Other
Current Phone System		Product of Interest	Phone System/UC

▼ Marketing

Campaign Department	Marketing	Lead Rating	★★★★★ (A)
Lead Source	High Quality Lead Programs	Qualification Meter	| Score:210 | Rating:High
Web Reference Source	-	Interest Meter	| Score:91 | Rating:High
Offer Type		Profile Completeness Meter	(60% Complete)
		Profile Status	Missing: Current Phone System | Multiple Office Locations |
		Date Last Scored	5/8/2011

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LEAD SCORING CHECKLIST

HOW TO SCORE

Concur Scores Prospects For Enhanced Targeting & Nurturing

Click here to access the full case study

Click here for more video case study highlights

Company: Concur Technologies

Industry: Web-based Travel & Expense Management

Prospects: Business Travelers

Prime Qualifying Questions: Role, Department, Industry, Top Expense Issue

✔ **Do you have a lot of leads?** Lead scoring is all about creating sales efficiency through prioritization. If you don't have sufficient lead flow, it may not be time to build a scoring system.

✔ **Does your business have a considered sale or an extended buying process?** Again, lead scoring only has a positive benefit if it's creating more efficiency for your sales process. If your product is an impulse buy, there's no rush to score your leads likely.

✔ **Are you using automation?** Combining marketing automation with a CRM system for lead scoring moves operations from static state tracking (i.e manual spreadsheets) to dynamic tracking that keeps up with the needs of prospects, and delivers higher ROI. But a CRM will not do the work of a marketing automation system, and vice versa. To benefit from automation, use an integrated combination.

✔ **Is there a willingness among the sales and marketing teams to establish cultural alignment?** A cross-functional demand generation team including both the sales and marketing is the best way to share in the process of attaining customer acquisition and revenue goals.

✔ **Do you have the internal scoring experience?** Is your organization equipped to implement an analytical scoring system for lead qualification and prioritization? Probably not. Most companies succeeding with lead scoring are getting expert coaching, data analysis, and system design.

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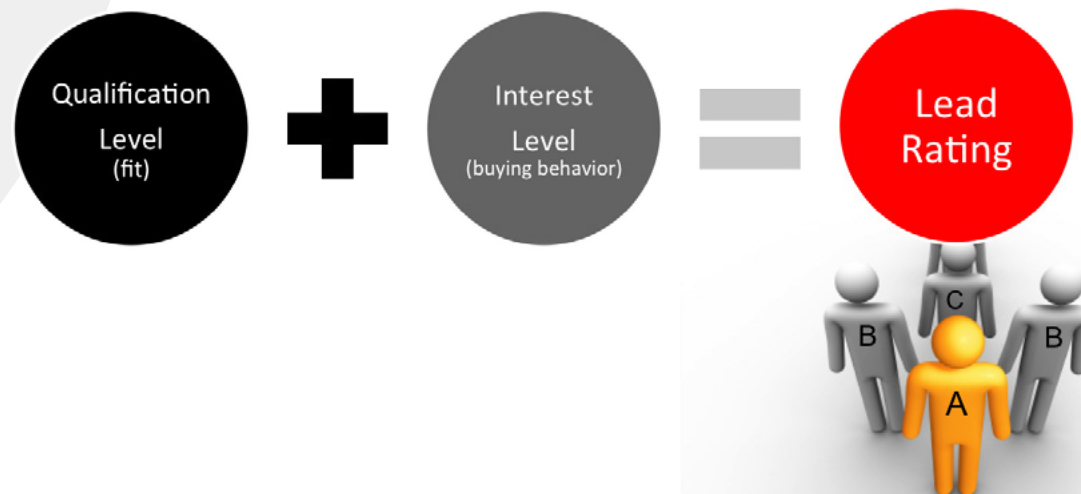
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Founded in 2007, DemandGen is a global team of marketing automation and lead management experts, with centers of excellence across North America and Europe. Best known for its award-winning lead scoring and nurturing methodologies, DemandGen has helped hundreds of clients establish best practices, implement effective lead management programs, and produce measurable results. With unparalleled expertise in the industry, our staff harnesses the powers of art and technology to create highly personalized, incredibly effective experiences for your customers and prospects.

ABOUT DEMANDGEN REPORT

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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.