



PropelGrowth Articles

Thought Leadership on Sales and Marketing Effectiveness

The ROI on Nurturing Leads

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Recent research on lead nurturing found that companies who nurture their leads achieve significantly higher sales performance when it comes to lead-to-sales conversions, bid-win ratios, and average order value. In fact, nurtured leads net 47% higher average order values according to Aberdeen Group.

Most companies, however, are not effectively nurturing their early stage leads. In fact, according to a study done by the MetaGroup, fully 70-90% of marketing-generated leads are never acted on at all, because sales found them unqualified for immediate or near-term sales.

84% Of Qualified Leads Are Falling Through The Cracks

Of those leads that are followed up and qualified, only about 16% actually close, according to Aberdeen Group. The remaining 84% of qualified leads that do not turn into short-term sales will end up slipping through the cracks, either because there is no lead nurturing program available, or because the company lacks a mechanism for sales people to recycle leads.

Sales people need to be able to reject early-stage leads so they can focus on the sales-ready opportunities that enable them to make their quota each quarter. But those leads that aren't yet sales-ready actually represent some of your best long term opportunities.

Cahners Research shows that 80% of discarded leads go on to purchase a solution within 24 months. Your efforts to nurture those leads, to help them understand their business problems, and to position your company's solutions will help ensure that your company stays top of mind when the prospect is ready to buy.

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Engage Early To Influence Their Vision

The sooner in the buying process that you can engage leads, the better chance you'll have to:

- Influence their definition of the business problem
- Create their vision of how to solve the problem
- Position your company as a thought leader and trusted advisor
- Be top of mind when they're ready to act

The bottom line is: if you're not nurturing, then you're leaving money on the table, letting qualified leads get away, and giving your competitors a chance to steer your hard-won leads in their direction.

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Helping Companies Create Competitive Advantage in the Capital Markets

Generating A Steady Stream Of Qualified Opportunities

A steady stream of new, well-qualified opportunities in the pipeline is the number one predictor of sales success, particularly in a recessionary business climate. So it's even more crucial now that you have a comprehensive lead nurturing program to keep these leads alive, educate and inform them, and warm them up for sales. Scoring leads over time enables you to recognize when a particular lead has moved from cool to warm, to "sales-ready." Once they reach the sales-ready stage, they should be turned over to an inside sales team to qualify their interest and schedule a sales meeting. This way, your field sales team can focus on the deals that are closeable while a pre-sales team and Marketing collaborate to generate a steady stream of fresh, well-qualified opportunities.

According to Pedowitz Group (a demand generation consultancy), most companies that implement lead nurturing see a 2 to 3x lift in conversions from cold leads to qualified opportunities. Do the math. Many of our clients find that a single new deal justifies the cost of a lead nurturing program.

Lead Generation Efforts Encompass Three Critical Areas

To maximize effectiveness, lead generation and nurturing initiatives should incorporate three core functions: demand generation, lead nurturing via trickle marketing campaigns, and high touch personalized campaigns that help propel the buying process forward. Multi-modal and multi-touch lead generation campaigns should engage the prospect in a conversation over time and provide thought-provoking information geared to educate and inform. This approach consistently outperforms stand-alone marketing tactics or product-focused campaigns and promotions.

- **Demand Generation** Use the web, events, advertising, and marketing campaigns to highlight key business problems and promote your firm's capabilities as solutions to those problems. The objective in demand generation is to generate new leads who respond to your efforts, indicate an interest in what you offer, and meet your high level qualification criteria.
- **Lead Nurturing** Demand generation works best when it starts a conversation. Lead nurturing enables marketing to establish and carry on virtual conversations over time. Email, direct mail, events, trade shows, and other modes are used to gradually nurture enhanced awareness of your products and promote your company as a thought leader. Ideally, lead nurturing takes into account where a particular lead is in their buying decision and provides them with relevant information tied to their stage in the process. Lead nurturing becomes even more fruitful when you take the time to apply a scoring process. Well-executed lead scoring enables you to assess an individual lead's stage in the buying process and their sales-readiness.
- **Opportunity Generation** As leads increase in score, it's an indicator that they are warming up and getting closer to becoming sales-ready. At that point it's time to start getting more proactive, using multiple modes of communication to reach out to high scoring leads with high-touch campaigns that highlight specific offerings. These campaigns pre-qualify leads for sales-readiness, set appointments with sales-ready leads, and recycle non-sales-ready leads back into the nurturing program until their score requalifies them.

Take A Long-Term Focus

Lead nurturing is a little like farming. It takes some time to cultivate the soil, nurture the seedlings, and allow them to ripen before you can start harvesting. Generally speaking, lead nurturing campaigns won't deliver instant results in the first few months. According to Aberdeen Group, it generally takes 6-12 months before the first qualified leads start to trickle out of a campaign. Expect your nurturing program to take at least the length of a typical buying cycle (not selling cycle) before it starts bearing fruit. The effort is worth it. When properly executed, a well-established lead nurturing program will deliver a steady stream of qualified leads.

PropelGrowth Can Help

PropelGrowth provides a range of lead nurturing and opportunity generation services for companies who target the capital markets. Contact us to request more information and schedule an Executive Briefing.

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