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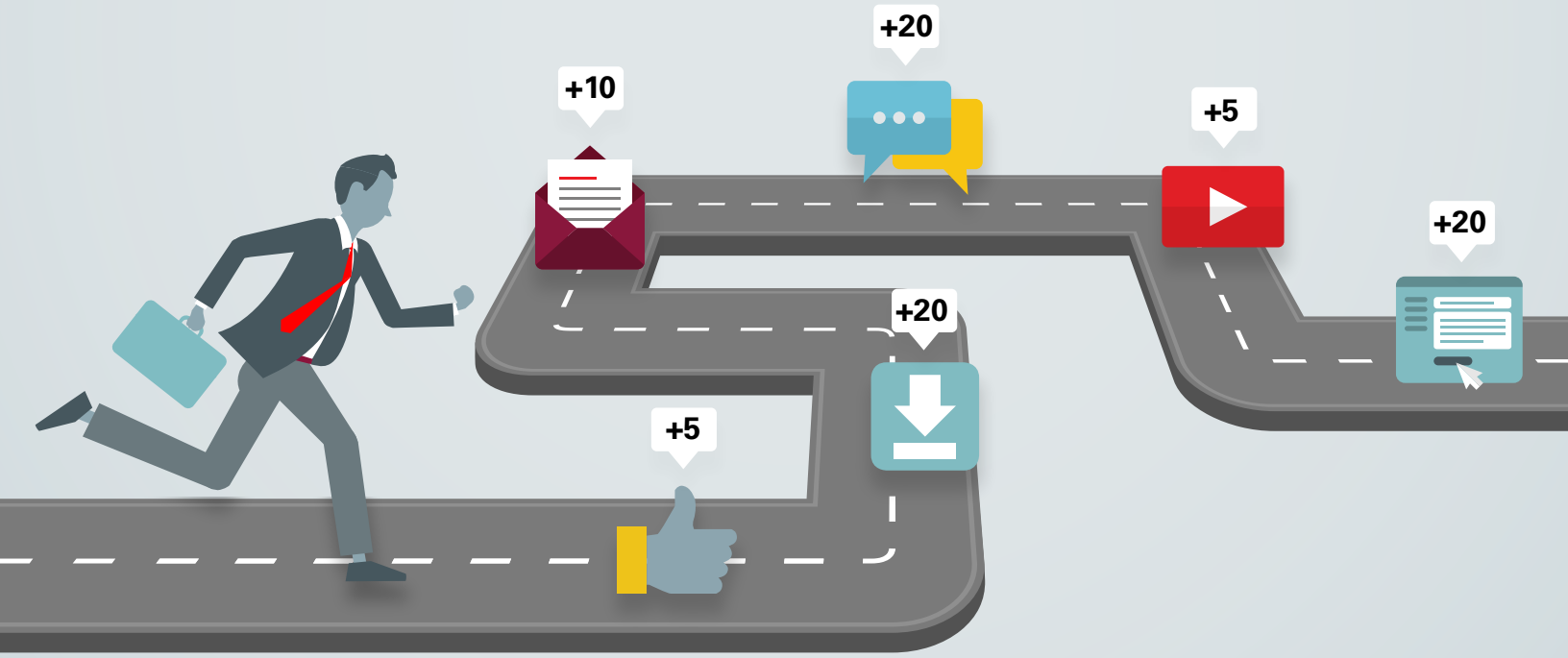
Lead Scoring

GUIDE FOR MODERN MARKETERS



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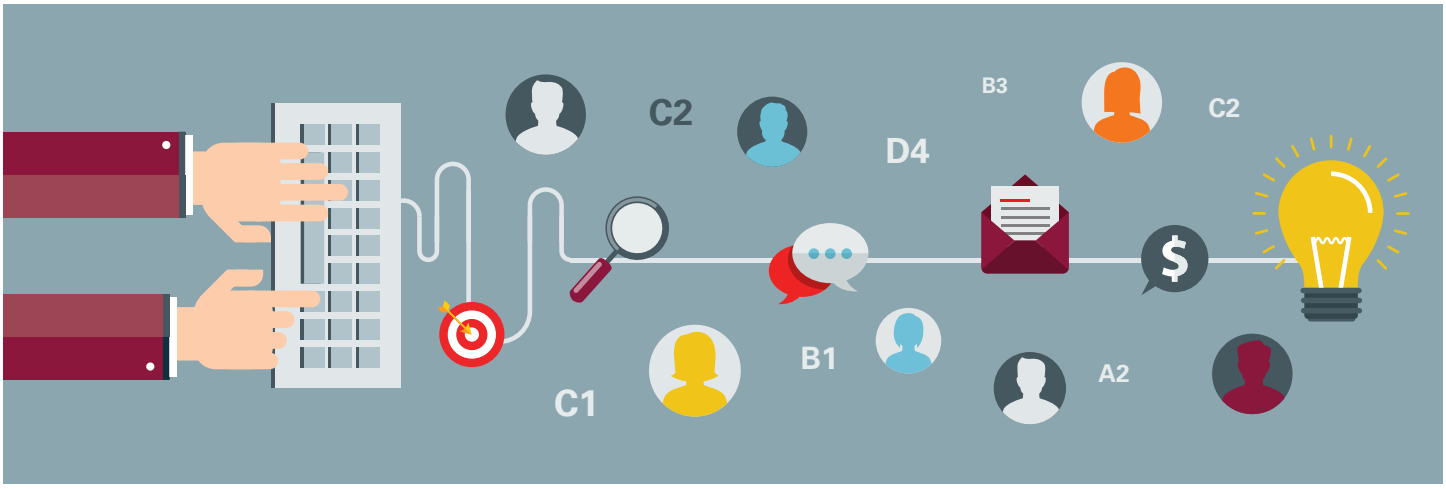


What Is Lead Scoring?

Lead scoring is an objective ranking of one sales lead against another. This not only helps align the right follow-up to the corresponding inquiry, it also helps marketing and sales professionals identify where each prospect is in the buying process.

The process of defining lead scores improves alignment and collaboration between marketing and sales teams. After all, by jointly establishing an objective definition of a quality lead, sales and marketing can exchange better feedback on the quality of leads being passed to sales. Plus, lead scoring helps ensure that the best leads are followed up on immediately by prioritizing leads according to revenue potential and buyer readiness.

Why Lead Scoring Matters Today

Doing more with less has become a corporate mantra—and the ripple effect of it can be felt at all organizational levels. Consider the demand generated by your marketing group: How do you send all those leads to sales? Most marketing organizations simply hand off huge lists of names—or upload them to the sales database—and then sit back and expect sales to call them. After a few calls, most salespeople give up, deriding the leads as junk. And so the finger pointing begins.

This kind of interaction is counter productive, causing enormous inefficiencies across an organization's revenue bearing teams. Sales productivity, in particular, can suffer as your sales reps work furiously to stay afloat while at the same time becoming less efficient in their daily tasks—undermining the goal of doing more with less.

In the meantime, dozens of hot leads—legitimate opportunities—are being thrown away simply because they're on the bottom of the pile of junk leads.

With fewer deals available, your sales reps need every advantage to get in front of active opportunities first, and develop latent opportunities earlier than the competition. To do that, they need to be working with prioritized leads.

According to the Lenskold Group, 68% of top marketers report lead scoring as most responsible for improving the revenue contribution of content marketing (2013).

Lead scoring enables organizations to move lead prioritization from a largely subjective process to an analytical, scientific approach that can be managed easily and cost-effectively.

You can help direct the efforts of the sales team in the most efficient and cost-effective way through lead scoring, which prioritizes leads based on prospect profile fit and level of interest.

But the benefits don't end there. The concept of scoring can be applied throughout the integrated sales and marketing funnel. Forward-thinking companies are applying scoring algorithms to account scoring, opportunity scoring, and other stages in the buyer's journey. As a result, they're able to focus their efforts where they're bound to get the best return.

The Evolution of Lead Scoring

If you ask sales and marketing executives from 100 companies today how they score their leads, 99 of them will answer with the acronym BANT—that is, to qualify opportunities, a lead must have budget, authority, need, and timeline for purchase. This is a common definition developed over the last decade for a qualified lead.

But times have changed. Today, buyers start gathering information long before they have established things like budget and timeline. And even if these factors are in place, buyers are unlikely to reveal them to a sales person making a cold-call—no matter how well-timed.

Instead, buyers today rely on the web to gather information. They download white papers and case studies, connect with peers to validate their observations, and turn to social media to crowd-source experience. And for the most part, salespeople have no visibility into these behaviors.

To keep pace with the changing buying process, advanced lead scoring systems use a wide range of data points to determine lead quality. Although explicit criteria such as job title, company revenue, and industry may suggest a good fit, implicit—or behavioral—information is key to determining true buying interest.

This Digital Body Language reveals much about a lead's level of interest in your company and its content offerings. However, the growing trend is to focus on behavior—in other words, how frequently a prospect interacts with your company and content. The reason for this is that behavior often serves as a more powerful indicator than inaccurate data collected over the phone or on a website.

Understanding Lead Scoring

Lead scoring is more than just a means for ranking leads. It is a contract between sales and marketing—a mutually agreed-upon process for defining lead quality, sales follow-up, and cross-departmental collaboration. By collaboratively developing a lead scoring model, your marketing and sales teams can arrive at a common definition of what constitutes a hot lead. It also enables your organization to develop a lead-ranking system that prioritizes quality interactions or activities that demonstrate high prospect interest.

With a clear definition of what constitutes a priority lead, the discussion can then progress to which leads should be passed from marketing to sales, and which should be nurtured further. When leads sent to sales have an objective quality rating, it becomes easier to measure how good your sales team is at engaging prospects and closing business.

Moreover, an established lead scoring practice gives you greater control of your pipeline. The better you measure and understand the quality of your leads, the more predictable your pipeline and revenue forecasts will be. It also becomes easier to see projected shortfalls in revenue by territory, product line, and/or business unit. This allows marketing and sales teams to react appropriately by focusing resources where they will have the biggest impact.

According to Aberdeen Research, companies that get lead scoring right have a 192% higher average lead qualification rate than those that do not.

Lead Scoring Basics

The goal of lead scoring is to help you understand whether your leads consist of the right people (explicit scoring) and whether those people are showing the right level of interest (implicit scoring). With this information in hand, you can treat leads accordingly.

The key to effective lead scoring is formulating a way to capture, score, and measure information. Winning approaches address three areas: people, process, and technology. In the people area, you need an executive level champion and sales involvement. For the process portion, marketing and sales need to agree on the definition of a lead and how leads will be handed off from marketing to sales. When it comes to technology, you need software that can capture information, facilitate lead handoff, and process feedback.

The main focus of lead scoring is generating sales ready leads, which can then be passed on to the inside sales team for further qualification (for example, determining authority, need, and timing). Once a lead has been accepted by sales, members of that department determine whether it represents a sales qualified opportunity. One bonus of this process is that understanding your sales acceptance rate will help you fine tune your scoring criteria.

How to Create a Lead Scoring Model

Effective lead scoring combines prospect demographic and behavioral data to prioritize leads. Two of the most commonly used scoring dimensions are:

Prospect Identity: Who the prospect is, signified by explicit data that determines fit, such as title, industry, and company revenues.

Prospect Engagement: How interested the prospect is, indicated by implicit data that determines level of engagement, such as frequent visits to website and responsiveness to promotions.

Prospect Identity

To define the prospect identity part of the lead score you must:

- Determine four to five explicit-data categories to define a sales-ready stage of qualification.
- Define how important these categories are in relationship to one another by assigning a percentage ranking. All percentages should total 100%.
- Assign a tiered set of corresponding criteria values within each category.

Example of Identity Rankings

Category	Ranking
Pain/Need/Solution Interest	35%
Job Title	30%
Company Revenue	25%
Lead Source	10%
	100%

- Assign a letter from A-D, with A being the best fit, to indicate how much a lead meets the ranked identity criteria.

Example of Profile Fit

Fit	Rating
More than 75%	A
50%-75%	B
25%-50%	C
Less than 25%	D

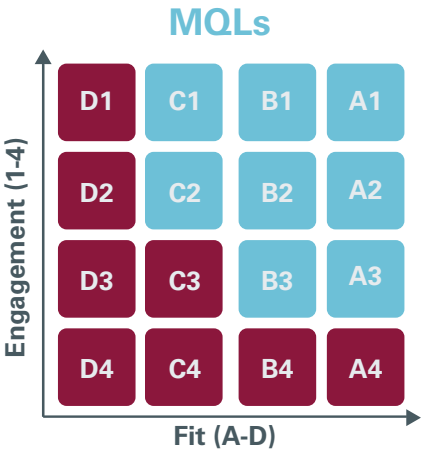
Prospect Engagement

To determine the engagement score, follow these steps:

- Determine the implicit data categories to define a sales-ready stage of qualification.
- Define how important these categories are in relationship to one another.
- Assign values by weighting actions based on recency.
- Assign a value from 1-4, with 1 being the most engaged, to indicate how much a lead meets the ranked engagement criteria.

Combining Fit and Engagement

Create a table that maps out the overall rating of a lead based on the combination of profile fit and engagement level. Profile Fit has a range of A-D and Engagement has a range of 1-4, with A1 being the most qualified and D4 being the least qualified. This will help you visualize the marketing qualified leads.



Examples of Combinations to Get MQLs

Map Score To Action

Once scores have been calculated and a rating assigned, you can determine the correct follow-up action, such as sending the lead to your CRM system for priority follow-up or entering it into your long term nurturing program.

By splitting the score into two dimensions, your marketing and sales teams will have more insight into the score's meaning, as well as the approach to be taken with follow-up.

Split The Score

A-D Explicit = Profile Fit of Customer

1-4 Implicit = Level of Engagement

Example of Action Based on Score

Score	Description	Follow-Up Action
A4	The right prospect but no interest.	Priority but may need specific "why now" messaging.
B1	Good fit and very interested.	Send to sales queue for immediate follow-up.
C1	Not the idea prospect but very interested.	Will they ever be a good fit? Continue to nurture and profile.
D4	Wrong fit. No Interest.	Fulfill request and segment out.

Lead Scoring Best Practices

When it comes to lead scoring, it's best to keep it simple, especially at first: Scoring too many criteria can make it difficult to determine which values are actually defining the score. It's also important to gather a core group of key individuals within sales and marketing to define criteria and business rules, and make necessary adjustments each quarter.

The following represent some additional lead-scoring best practices:

- **Define what happens with each lead (based on the matrix), from nurturing to sales hand-off.** Then consider how lead scoring impacts compensation. If marketing is only measured on the number of inquiries or net-new people in the database, changing behavior to go for more qualified leads might impede achieving other goals.
- **Focus on scoring criteria with associated standardized data values.** This will facilitate program execution and refinement.
- **Define a service-level agreement (SLA) with sales that designates the length of time allowed for follow-up.** For example, A1, and B1 leads should be followed up within 24 hours, while A2-3 and B2-3 leads should be followed up within 48 hours.
- **Provide sales with options for follow-up based on lead disposition.** These include automated nurture programs that continue to educate the lead until it is again ready for sales.
- **Continuously re-evaluate your scoring system.** Use direct feedback from key stakeholders to determine whether ratings accurately reflect lead quality. Consider your sales acceptance rate to be the barometer of your scoring program's health.
- **Rate and measure the impact of lead scoring on sales.** Conduct a closed deal analysis to uncover insights into conversions and incorporate those discoveries back into the lead-scoring program over time, with the ultimate goal of making your success repeatable.

Lead Scoring in Action

If you're wondering how all of this translates into real-world results, consider the following:

- Molex a global manufacturer, increased marketing qualified leads (MQLs) by 93% and sales pipeline by 380% after implementing lead scoring.
- Lead scoring increased the win rate by 103% for business services company ADP. Revenue increased 48%.
- Semantria, a text and sentiment analysis solution, used lead scoring to increase sales-accepted leads from 20% to 50% and revenue 600% in a 12-month period.

What's Next in Lead Scoring?

While it's important that you improve lead scoring today, you also need to keep your eye on what lies ahead.

Expanding Awareness Of Prospect Influences
As prospects receive more and more messages, information, and education through social media during the buying process, these peer channels will continue to grow in relevance. In fact, awareness of how an individual discovered a message, along with where and from whom, will feature prominently in lead scoring and nurturing routines.

Content-Based Scoring
Companies that regularly refine their scoring models begin to notice patterns in lead quality that can be directly tied to the content accessed during the buying process. Advanced organizations are experimenting with scoring models based on content type—like white papers, product information, and customer testimonials—instead of the download activity itself.

Account-Level Scoring
Because companies market to individuals but sell to companies, marketers must identify micro-trends within a larger set of interests. In the future, marketers will more effectively score leads to pinpoint when a certain role is appearing in the buying cycle.

Customer Scoring
To increase customer lifetime value, you need to seize opportunities for up selling and cross-selling. That means you must understand when someone is in the cycle for a new product in your suite, and determine when a prospect or existing customer has switched mid-stream and is interested in a different product. Going forward, smart marketers will analyze all customer touch points to identify opportunities and risk throughout the lifecycle.

Opportunity Scoring
Top marketers will analyze behavior of a lead all the way through the middle of the pipeline to predict the likelihood of an opportunity closing.

Predicting Changes
Your lead scoring model needs to remain closely aligned to your sales and marketing processes, even as they evolve. With predictive modeling tools, you'll be able to constantly monitor prospect behavior to understand how your model may have to change.

Conclusion
By objectively ranking sales leads through lead scoring, you can align follow-up with inquiry, and identify where each prospect is in the buying process. Fostering better relations between sales and marketing, lead scoring helps sales focus on the most promising leads and enables marketing to intelligently concentrate its efforts. By following the lead scoring best practices outlined here, you can begin converting more leads and making your sales and marketing teams more productive.

Lead Scoring System Benefits

- Measures campaign effectiveness
- Decreases volume of sales-ready leads
- Aligns follow-up resources for optimal conversion to revenue
- Objectively assess the potential worth of new opportunities

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