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## Using Lead Nurturing to Reverse the Cutback Spiral

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The cycle happens to every company. A weak economy hits customers, demand slows, and Selling, General and Administrative expenses (SG&A) are cut. Marketing budgets are invariably included in the reductions. It's a natural, responsible corporate response.

Unfortunately, it also creates a self-fulfilling prophesy. At a time when organizations need to work harder to pursue a smaller number of opportunities -- going up against hungrier competitors -- they have *fewer resources* to do it. The combination of a shrunken opportunity pool and a lower win rate makes the losses spiral.

However, innovative marketers who become adept at doing more with less can turn a weak economy into an opportunity to grow market share. Manufacturing companies that dedicate a portion of their budgets to lead generation are achieving significant results, but 2009 budgets may necessitate a retrenchment of even these response-driven tactics.

Reaching new prospects requires an investment in planning, creative and technical development, as well as media dollars. A well optimized lead generation program can generate a low cost per lead and a high conversion, but that still means about 80 percent of prospects who respond to a campaign aren't ready for a sales conversation -- yet.

Manufacturing companies on the cutting edge of marketing are starting to capitalize on that 80 percent through recent advances in lead nurturing. Also known as drip marketing, lead nurturing uses sophisticated logic to automate the delivery of informational offers targeted to a sales prospect. This enables a company to conduct deeper interactions with prospects that are already in their database -- without costly manual intervention. Target individuals move steadily down the sales funnel. In the end, the sales team receives leads that are more likely to convert.

The financial case for lead nurturing is strong. Roughly half of leads that are labeled unviable by sales teams become sales-ready opportunities within 12 months. Using automated marketing messages rather than costly sales time to move these prospects down the sales path increases both conversions and profit margins. Nurturing is also a less intrusive way of keeping in front of prospects rather than unwanted sales calls.

Successful lead nurturing involves the following steps:

**1) Defining a qualified lead.** Marketing and sales representatives collaborate to identify what constitutes a prospect that is both qualified and ready for a sales conversation. Two types of qualification data are considered: profile and behavior.

Profile is the information relating to an individual and his organization. The organization's qualification is determined based on industry, size, financial health, growth, and fit with the





marketer's offering. Another consideration is the individual's role in the purchase decision. A qualified lead could be a decision maker, influencer or ratifier, depending on the marketer's sales process. Individuals with roles that fall outside of the target are often nurtured rather than sent to sales. For example, an influencer deemed unready for sales contact can be sent through a campaign intended to gain the influencer's recommendation and encourage them to forward information to a decision maker.

Behavior is the sum of actions taken by the prospect. This usually relates to interactions between the marketer and the lead. Clicks on an online ad, a white paper download or a request for sales contact are indications of interest, each at its own level. Progressive active responses signal readiness for a sales conversation.

**2) Developing process flows to make unqualified leads sales-ready.** A marketer identifies the information the target prospect looks for at each stage of the purchase decision, and develops informational offers that will advance the organization's offering to the next stage of that decision. Effective offers educate the prospect and help them do their job, developing brand preference along the way.

Good nurturing programs incorporate separate flows for different audience segments. Segments come from behavior as well as profile. For example, a lead generation program can offer two white papers relating to different aspects of a problem or solution -- one relating to cost savings and one concerning preventive maintenance best practices. A prospect downloading the maintenance paper may respond better to future content related to that topic.

**3) Automation of the process flows.** There is a wide range of enterprise marketing tools with lead nurturing functionality. Organizations looking to automate the process evaluate features, costs, and integration points to connect lead generation, lead nurturing, sales force automation and customer relationship management systems. At the same time, standard nurturing flows can be implemented without complex infrastructure. There are also many nurturing activities that can be put into place with limited or no automation -- an opt-in e-newsletter that provides progressive content corresponding to the prospect's purchase decision, for example.

Marketers are using lead nurturing as a tool to optimize the results of their sales pipelines. In the current economy, with sales cycles lengthening and marketing budgets getting thinner, mastering this tool is becoming a competitive advantage.

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