
CMO Advisory Best Practices Series: Marketing's Lead Management Process

Abstract

This IDC study provides a framework for evaluating the current pitfalls in marketing's lead management process and highlights best practices and key success factors identified from executive interviews with lead management professionals from 16 leading business-to-business, high-technology companies. (e.g., Avaya, HP and other technology companies) This study also includes applicable findings from IDC's CMO Advisory Practice's annual benchmarking study as well as two IDC roundtables conducted on lead management practices.

Across the tech vendor community, approximately 50% of marketing investment is allocated to demand generation, and about one-third of that investment is earmarked to directly support the sales force. New research from IDC shows that for most vendors, this complex and expensive intersection of marketing and sales remains very much a "work in process." However, IDC observes pockets of excellence that are emerging, as executives are starting to come to grips with the escalating costs of selling and marketing in today's tech industry.

"Developing and maintaining an efficient and effective lead management process is mandatory for marketing's success in today's technology organization," said Michael Gerard, director, IDC's CMO Advisory Practice. "With the correct people, process, and infrastructure in place, marketing can better establish its credibility in the organization as well as improve its return on investment. This study provides detailed frameworks, performance metrics, participant anecdotes, and company-specific case studies to guide marketers in improving their lead management process."

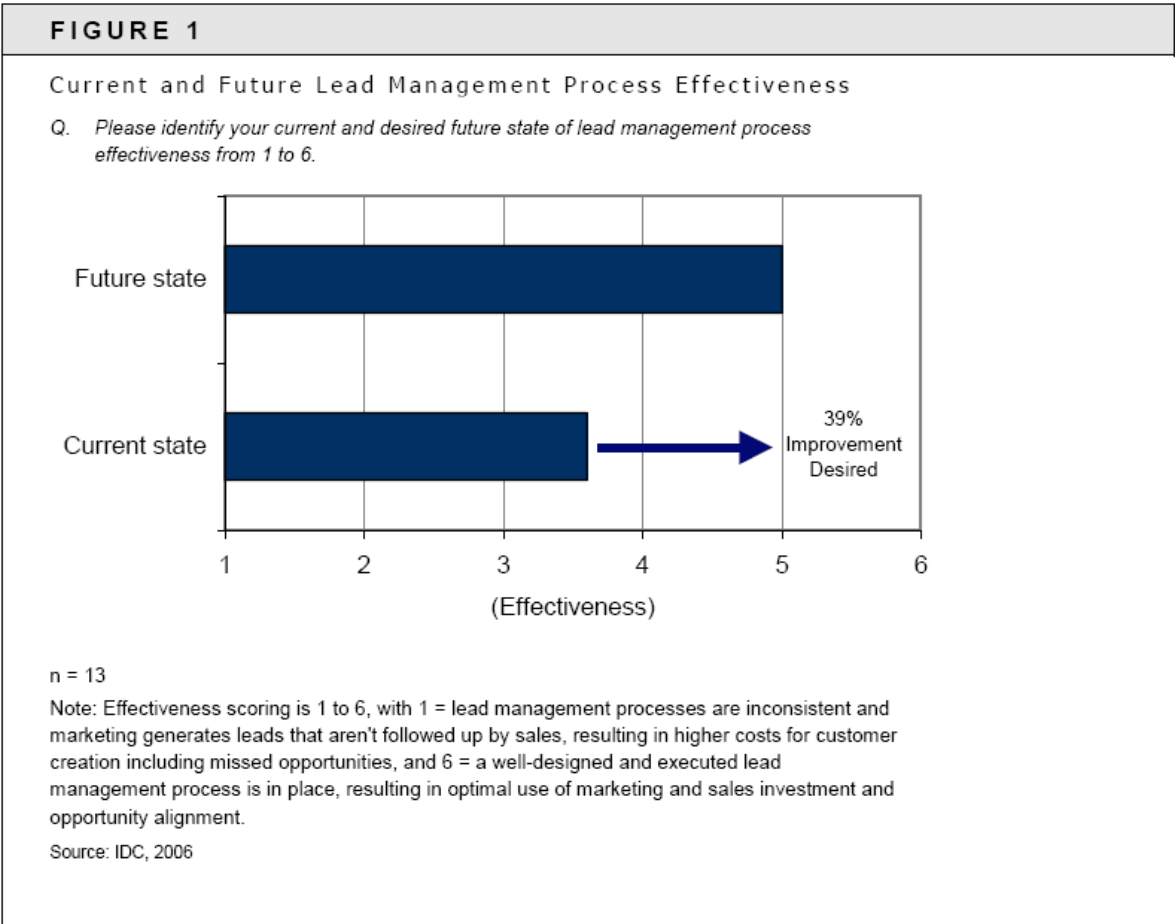
SITUATION OVERVIEW

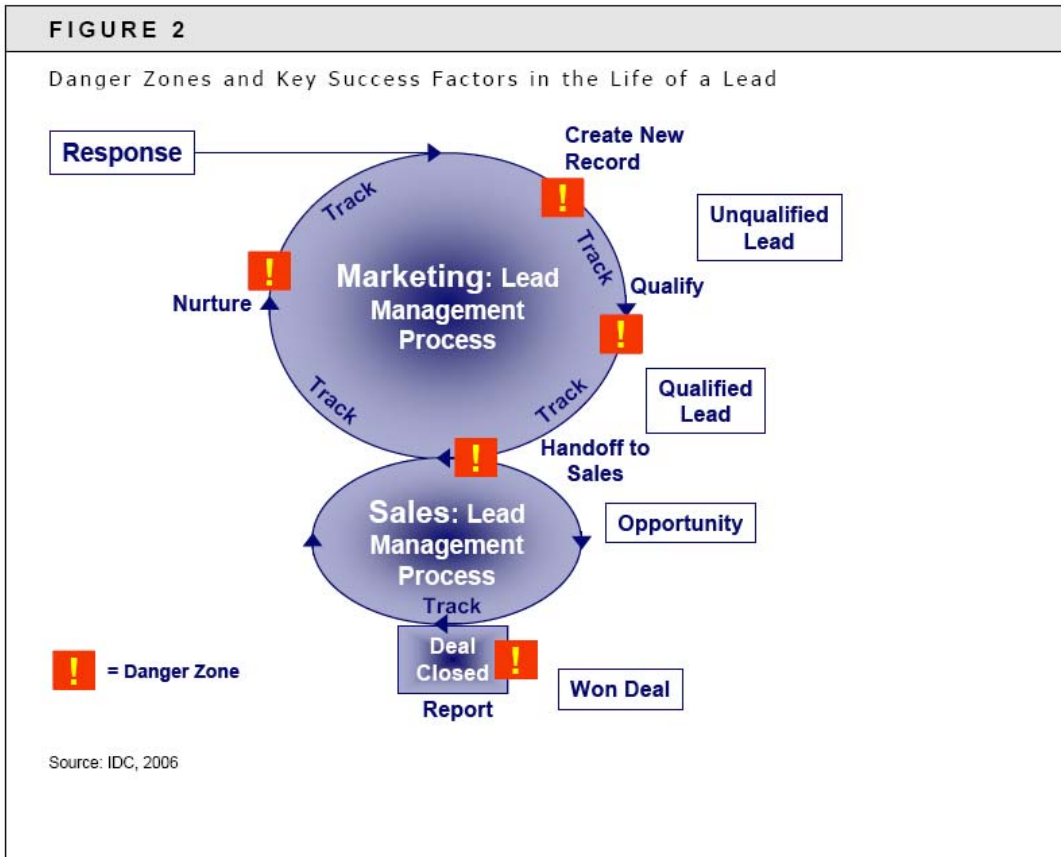
Across the tech vendor community, approximately 50% of marketing investment is allocated to demand generation, and about one-third of that investment is earmarked to directly support the sales force. For most vendors, this complex and expensive intersection of marketing and sales remains very much a "work in process," with marketing's lead management process at the majority of companies failing to provide even the most basic need of establishing a consistent global definition of a lead. Other failure points include data collection, lead qualification, sales handoff, lead nurturing, and performance measurement. The ramifications of a poorly developed and managed lead management process include inefficient and ineffective marketing investment, greater potential for misalignment between marketing and sales, and an overall lack of credibility of the marketing team by the rest of the organization. And with the continuing drive to determine and demonstrate the contribution of marketing, lead management offers the greatest potential for accomplishing this feat.

Tech marketers acknowledge that significant opportunity exists for lead management process improvement. In fact, the gap between current and future lead management

process effectiveness as identified by study participants indicates a 39% desired shift in improvement, from a score of 3.6 to 5.0 based on a 1-6 low to high scale. (see Figure 1).

Sales has invested significant resources in developing, deploying, and governing its lead management and CRM process and systems. Marketing needs to approach its lead management process with the same (or greater) rigor, collaborating with sales as the customer of the process to optimize the end result of revenue, profit, and market share. This not only will improve the delivery of qualified leads to sales but will also better position marketing to align its overall marketing strategy to the customer development life cycle.





Birth of a Lead

Approximately 50% of marketing spend is directly allocated to demand generation, including, but not limited to, the following types of program areas: events (proprietary and nonproprietary), direct marketing (email and direct mail), and Web advertising. IDC marketing research also indicates that at least 30% of this demand generation allocation directly supports sales efforts in the form of market development funds, coop marketing funds, sales training and tools, and other channel marketing activities. The birth or creation of a lead, which is typically the main goal of the above described investment areas, is the first "danger zone" within marketing's lead management process.