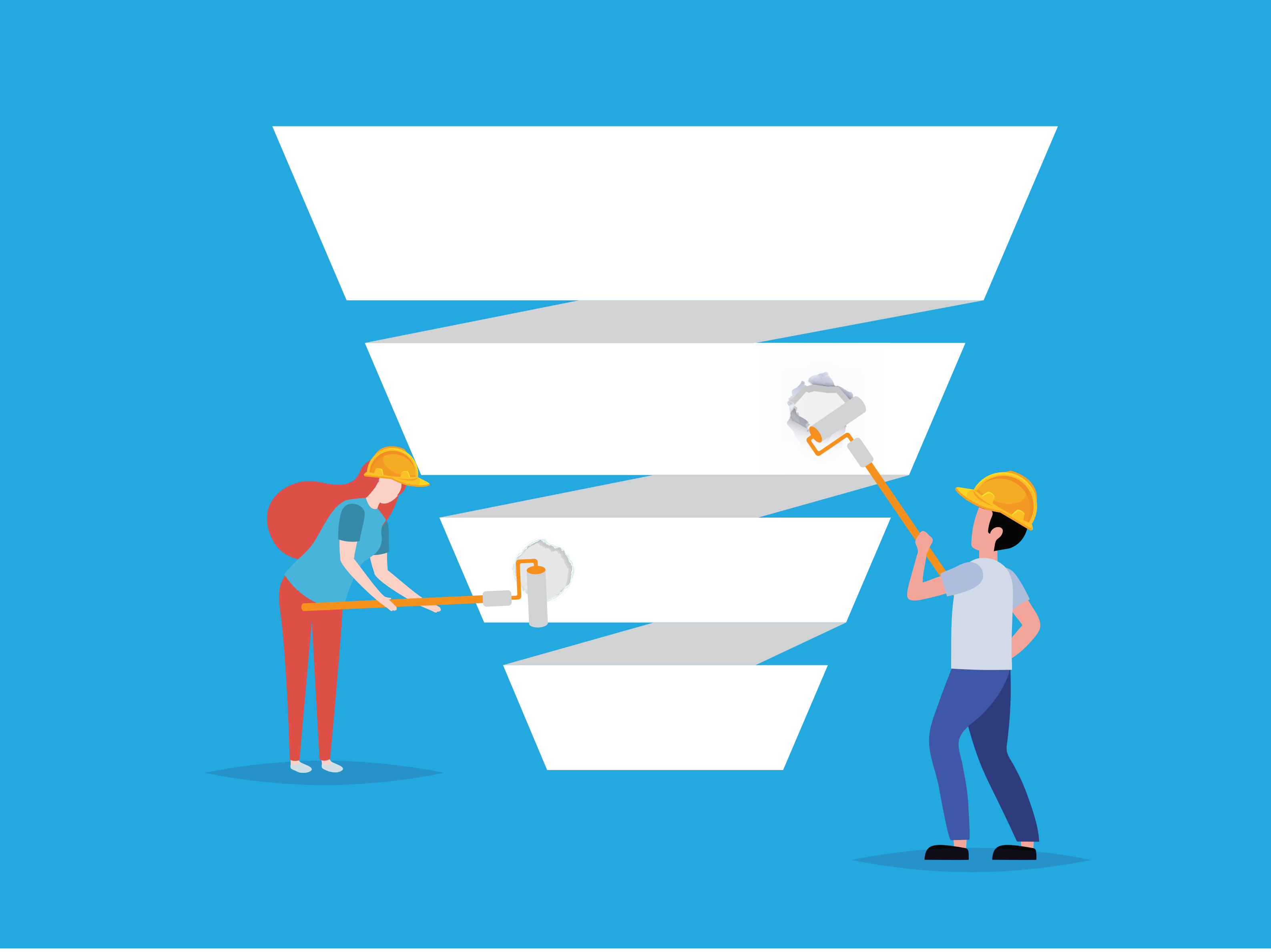

PLUGGING THE
$700K FUNNEL LEAK

A tactical guide to protecting your marketing investment by never missing a lead again.

Taft Love, Iceberg RevOps

ABOUT
THE AUTHOR

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INTRODUCTION

Communication gaps between departments are not ideal, but most business leaders are unaware of just how costly these gaps can be between certain departments. One example we see consistently is a broken follow-up process between the marketing and sales teams, where companies are investing significantly in marketing campaigns to generate more leads for sales ... but then nobody knows what happens to those leads after the hand-off process. Fixing this gap is critical to long-term success, but it's often overlooked by executives and entrepreneurs.

When Iceberg onboards a new client, one of the first steps we take is to audit the handoffs between Marketing, Sales Development, and Sales. The handoff stages in the sales and marketing funnel are common problem areas that can cost companies millions of dollars in lost revenue.

Note: Some companies skip the Lead object in Salesforce and rely on Contact records to track inbound interest. All of the information in this guide is applicable to those teams. ***If your sales and marketing teams use contacts instead of leads, simply replace the word "lead" with "inbound interest".***

The lead and opportunity handoff processes are typically sore spots for both the sales and marketing teams, so the Iceberg RevOps team spends a lot of time working with sales and marketing leaders to clean up these processes. Marketing teams often express frustration that their budget and effort are wasted when leads are not properly addressed by the sales team, and sales teams find it difficult to track and manage the process of lead follow-up because their processes and systems aren't well aligned with their goals.

In 2019, the average cost to generate a single lead across all industries is between $124 and $365 (Source: Lion Tree Group). Let's assume that your expected ROI on marketing spend is 3:1 (for reference, 5:1 is "good"). That means the opportunity value of a leak in your inbound marketing and sales funnel is between $372 and $1,095 per lead.

In this ebook, I'll share the steps we take at Iceberg to fix and prevent leaks in our clients' lead funnels. After following the steps in this guide, you will be able to:

Protect your marketing team's investment

Track your sales team's effort and conversion rates

Prevent astronomical revenue loss

Now let's assume that your sales team fails to contact one lead per business day. This happens frequently when leads are assigned to the wrong person and nobody notices. Here are the best- and worst-case scenarios on an annual basis:

	Lead Cost	ROI	Lost Revenue
Best Case	$120	3:1	$72,000
Worst Case	$350	10:1	$700,000

Despite the astronomical loss of revenue your business can suffer from losing just one lead per day, many sales teams nonetheless struggle to account for all of the leads they receive. Simple (and critical) questions are surprisingly difficult for many teams to answer:

- How does marketing decide when a lead is ready for the sales team?
- How many leads did marketing send to sales last month?
- Of those leads, are there any that sales failed to follow up with?
- When sales receives a lead, how many times on average do they try to contact the person or company?
- Of the leads generated last month, how many belonged to companies that are already clients?

This leakage is especially frustrating for marketing teams because leads are the direct result of their time and budgetary investment. Marketing leaders in this situation often feel hopeless — like their future is at the mercy of a team with a broken process.

ADOPT A SHARED LANGUAGE

What is a lead? It sounds like a simple question. However, if your sales and marketing teams haven't agreed upon and documented a definition, then you have a problem: When your sales and marketing teams have two different definitions for the same word, there is a strong chance that your funnel is leaking.

> ***When your sales and marketing teams have two different definitions for the same word, there is a strong chance that your funnel is leaking.***

At Iceberg, we find that most marketing teams use the word "lead" to describe a person in their marketing automation system. In short, it's just a name. Sales teams generally use the term to describe a prospective customer that the marketing team has passed to sales for follow-up.

If the two teams haven't agreed on the definition of "lead," then it is nearly impossible to perform an audit of your funnel. Did sales receive the same number of leads that marketing sent? Who knows?

This is why sales and marketing teams often disagree about the number of leads delivered from sales to marketing.

Fixing this problem isn't difficult. It simply requires getting both teams into a room and agreeing on a common language. Here's what we suggest to most of our clients:

Status	Definition	Owner
Lead	Prospect who is not sales-ready. Simply put, it's a name in your marketing database	Marketing
Marketing Qualified Lead (MQL)	Prospect who has met whatever threshold the sales and marketing teams agree makes a person sales ready.	SDR*
Sales Qualified Lead (SQL)	Prospect who has talked to an SDR or salesperson. They are considered qualified to meet with the sales team.	SDR or Sales**
Opportunity	Prospect who has met with a salesperson and meets the minimum qualifications for becoming an opportunity.	Sales

** If your company doesn't have an SDR team (or the functional equivalent), then you should replace this with Sales.*
***Whether an SQL is owned by the Sales or SDR team depends on whether the SDR team is expected to deliver meetings or fully qualified opportunities.*

The table above is just one example. The terminology we use may not be right for your business, but getting the names consistent across every business is less important than agreeing on a shared definition for each status.

Once sales and marketing share a common language, they can also have a shared understanding of the inbound lead funnel.

Note: Up to this point, I've used the word "lead" to describe prospects because most people use this word to describe prospects of all stages. Now that I've given you definitions, I'm going to use the terms in the table above. I'll use the word "prospect" to refer to prospective clients who fall somewhere (though nowhere specific) within the sales and marketing funnel.

BUILD INFRASTRUCTURE
TO MEASURE CONVERSION RATES

Why measuring conversion rates is important

When most people think of a sales and marketing funnel, they think about how many MQLs go in and how many clients come out. Those are important numbers to know, but there is more to the funnel than the top and bottom. All of the steps in the middle of your sales and marketing funnel are important as well.

You may have noticed that each of the terms above (Lead, MQL, and so on) is associated with an event -- usually a handoff between teams. For example, a lead becomes an MQL when the prospect is passed from Marketing to Sales Development.

Each time a prospect changes from one status to another, they are moving a level deeper into the funnel. These status changes are ideal times measure conversion rates. You can think of each conversion (from status to status) as a discrete failure point in the funnel. These conversion rates tell you when prospects are leaving your funnel, which is critical information if you want to improve your funnel efficiency.

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How to measure conversion rates

As prospects pass through the various stages in your funnel, you need a way to track their progress. Once you put mechanisms is in place to memorialize passage to each new stage, you will understand your team's ability to advance prospects on an individual and aggregate (conversion rate) level.

Lots of teams like to use checkboxes to memorialize when a prospect moves into a stage because they are the easiest fields to work with, but they give you limited information. I use date fields to track stage progression because they give you the same information as a checkbox and more. A blank date field is the same as a checkbox set to FALSE, but a filled date field is like a checkbox set to TRUE that also tells you when it was checked.

Using a checkbox and field tracking is not a replacement for a date field. Field tracking is great for investigating an individual record, but that information is not available within a lead report.

Note: A checkbox may be used to trigger the automation that fills out a date field, but a checkbox alone is not best practice.

Memorializing MQLs

Not all companies have the same funnel stages, so I'll guide you through tracking when a prospect becomes an MQL. I chose MQL because it is the most commonly used of the terms in the table above (other than lead).

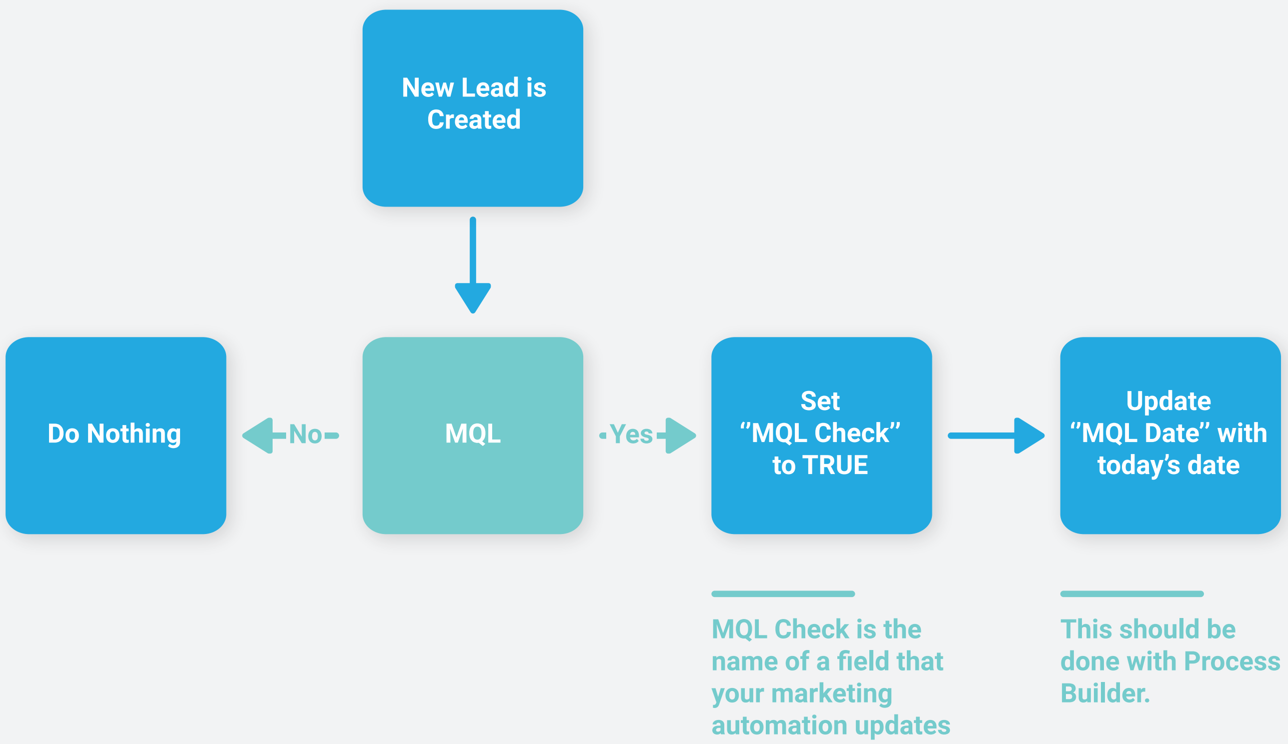
Because the definition of MQL should not be subjective, there must be some event that your marketing automation or CRM uses to track when a lead becomes an MQL. Some common examples are:

- Lead score increases to n or above
- A lead requests a demo
- Lead interacts with a chatbot

Most marketing automation systems have the ability to update CRM fields, so the simplest way to memorialize a lead's transition to MQL is to ask your marketing automation platform to check a box and use that checkbox to trigger a date field to be filled.

Read the next chapter to learn an even better way to mark an MQL.

MARK MQL DATE



When a lead becomes an MQL, it is generally passed to an SDR or salesperson via an automated process — often using a workflow in the marketing automation system. For this reason, some sales ops teams use the change of ownership to trigger an update to the MQL Date field.

The logic says that if a lead's owner changes to an SDR (or salesperson, in some cases), the MQL Date field should be updated with today's date. This is a mistake because there are many ways an SDR may become the owner of a lead.

For example, most teams encourage SDRs to manually assign leads to themselves if they feel the leads are worth pursuing, even if they're not MQLs. This usually includes old leads that were never contacted and new leads that haven't reached the MQL threshold but are worth pursuing anyway. Your conversion rates will not be accurate if non-MQL leads are factored into the Lead-to-MQL conversion rate.

In most cases, hand-selected leads are likely to convert at a higher rate than MQLs, so this will artificially inflate the MQL rate. It also makes it difficult to know when SDRs work extra leads or reward them for it. Some teams like to give SDRs extra quota relief for converting non-MQL leads as an incentive to find deals outside of the inbound funnel.

It's possible for prospects to reach the MQL threshold multiple times in a short period. For example, a prospect could fill out a Demo Request form on Monday, download a white paper on Tuesday, and attend a webinar on Wednesday.

If each of these actions raises a prospect above the MQL threshold, your marketing automation will trigger the mechanism you just built to mark MQL date three times. It may also reassign your lead to three different SDRs.

Be sure to set up the MQL Date workflow (and any other relevant workflows) so that it cannot fire multiple times in a short period. I like to create filters that prevent the MQL Date from updating if the current date in that field is within 30 days or if the lead is currently being worked by an SDR or salesperson (more on this later). However, don't prevent it from ever being overwritten because prospects may have to become MQLs multiple times over months or years before they are ready to be converted into an opportunity.

Memorializing Other Stages

Since each status transition is different, each date field will be populated using a slightly different process. Setting up the measurements is easy, but it is important to be thoughtful about the events you use to trigger the date field updates.

As you choose which events will trigger the updating of your date fields, think carefully about whether the triggers you create are likely to be fired by unwanted actions. Think through all of the possibilities before rolling out an SQL Date field that may be populated by some action that doesn't match your definition of SQL.

Food for Thought

The path through your company's funnel is not always linear. For example, a prospect may become an MQL, never respond to an SDR's outreach, and then fill out a Demo Request form six months later.

This sort of back-and-forth through the funnel isn't isolated to the Lead-to-MQL conversion. Prospects can become MQLs and meet with sales multiple times before eventually becoming an opportunity and entering the sales pipeline. You should work with your team to decide what metrics are important to you:

- Is this something that you want to track?
- Will your messaging to a prospect change after the become an MQL but never advance further down the funnel?
- Does it help SDRs and AEs to know that someone has been bouncing around the funnel for a long time?

How you answer those questions will determine the complexity of the mechanisms you build to track funnel progress.

IDENTIFY AND REMOVE
NON-SALES PROSPECTS FROM THE FUNNEL

Not all leads are prospects that should be included in your conversion rates. In fact, some prospects should never be assigned to an SDR or salesperson. A few examples include:

- A test form submitted by your marketing team
- A competitor fills out a demo request
- An employee of a current customer fills out a Contact Sales form
- Someone fills out a Demo Request with fake data

In the previous section I warned about artificially inflating your conversion rates by including prospects that don't belong and have a high likelihood of converting. The same is true for prospects that don't belong and have a low likelihood of converting.

I separate these prospects into two buckets:

- Those who should be automatically removed
- Those who should be manually removed

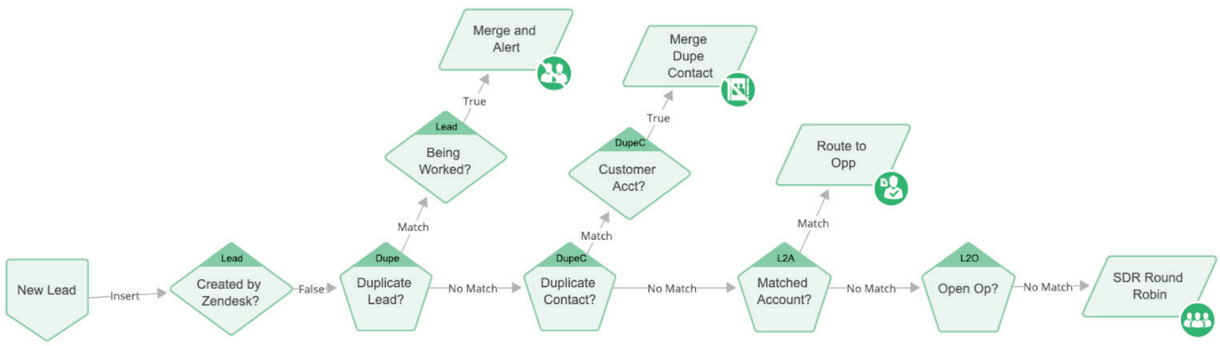
Automatic Removal

Fortunately for your SDR and sales teams, it is possible to automatically remove most unwanted prospects from your inbound funnel automatically. This was incredibly difficult to do a few years ago, but now it is simple thanks to software designed to handle this exact pain.

My go-to tool for automatically routing leads to the right place is called LeanData. Many teams use the tool to support an ABM strategy (automatically routing leads to associated accounts), but it is also great for routing, assigning, and updating leads. There are other options available, but none do as good a job of balancing power and ease of use as LeanData. I suggest it to most of Iceberg's clients if they don't already have it in place.

My go-to tool for automatically routing leads to the right place is called LeanData.

LeanData allows you to send leads (the record type, not the concept) through a workflow that looks a lot like a decision tree. Each decision point, called a "decision node", checks to see if the lead matches a specific filter. The answer to each node's question determines where the lead goes next. Other nodes can convert leads, update fields, assign owners, and more.



There is no limit to what you can automate with LeanData. Here are a few examples:

- Set "MQL Check" to TRUE if MQL threshold is met (see previous chapter)
- Convert leads associated with customer accounts
- Assign prospects who fill out a demo request directly to an Account Executive
- Do not assign leads from your company's domain to an SDR
- Do not assign leads with "Test" in the name or email to an SDR
- Do not assign leads from throwaway email domains to an SDR
- If a lead is associated with an account that has an open opportunity, convert the lead, assign it to the opportunity owner, and send the opportunity owner an email alert

Manual Removal

Even if your sales ops team includes a LeanData wizard, there will be times when unwanted prospects are passed to the sales team. You cannot prepare for every possible bad prospect, so you need to have a process for manually removing them from your funnel.

Your Lead Status field should include a value that your reps use to mark a prospect as rejected. When you build out a process for rejecting prospects, it is important that everyone knows the difference between unqualified and rejected.

Unqualified: Not qualified to move to the next stage in the funnel.
Rejected: A prospect who should be permanently removed from the funnel.

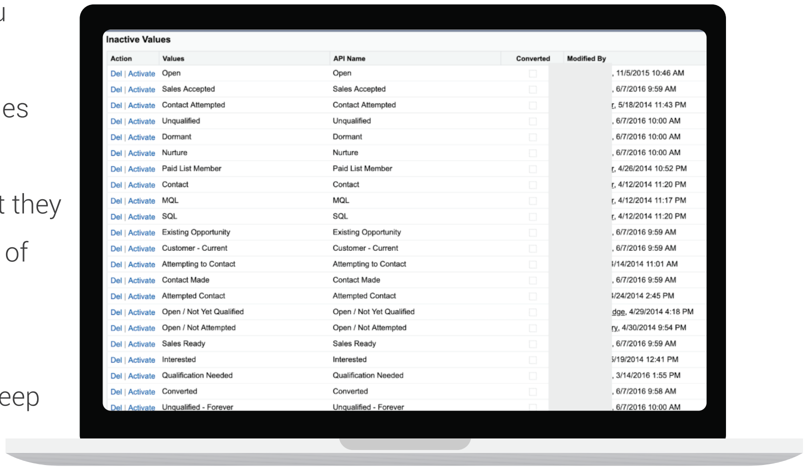
This distinction is important because, unless you convert more than 50% of MQLs to the next stage in your funnel (usually SQL), most MQLs will eventually become unqualified. If you filter unqualified leads out of your conversion rate, then you will end up with a 100% conversion from MQL to the next stage.

In the next section, I'll show you how to arm your reps with a process that makes it easy to mark leads as rejected. This process also requires that they explain why leads are rejected, which is important feedback for both sales and marketing.

Pro Tip: Never unmark MQLs. Knowing how many MQLs are unqualified and what characteristics they share is important to both sales and marketing. As long as you mark unwanted prospects within your CRM, you can easily filter them out of conversion rate reports for each stage of the funnel.

CREATE A SIMPLE FOLLOW-UP PROCESS

If you've heard me speak or read my articles, you may have heard me use the term "Value Creep." Value creep is what happens when a sales or sales ops team occasionally adds values (AKA picklist choices) to a field over a long enough period that they eventually end up with a giant and confusing list of choices.



Inactive Values

Action	Values	API Name	Converted	Modified By
Del | Activate	Open	Open		, 11/5/2015 10:46 AM
Del | Activate	Sales Accepted	Sales Accepted		, 6/7/2016 9:59 AM
Del | Activate	Contact Attempted	Contact Attempted		r, 5/18/2014 11:43 PM
Del | Activate	Unqualified	Unqualified		, 6/7/2016 10:00 AM
Del | Activate	Dormant	Dormant		, 6/7/2016 10:00 AM
Del | Activate	Nurture	Nurture		, 6/7/2016 10:00 AM
Del | Activate	Paid List Member	Paid List Member		r, 4/26/2014 10:52 PM
Del | Activate	Contact	Contact		r, 4/12/2014 11:20 PM
Del | Activate	MQL	MQL		r, 4/12/2014 11:17 PM
Del | Activate	SQL	SQL		r, 4/12/2014 11:20 PM
Del | Activate	Existing Opportunity	Existing Opportunity		, 6/7/2016 9:59 AM
Del | Activate	Customer - Current	Customer - Current		, 6/7/2016 9:59 AM
Del | Activate	Attempting to Contact	Attempting to Contact		/14/2014 11:01 AM
Del | Activate	Contact Made	Contact Made		, 6/7/2016 9:59 AM
Del | Activate	Attempted Contact	Attempted Contact		/24/2014 2:45 PM
Del | Activate	Open / Not Yet Qualified	Open / Not Yet Qualified		dge, 4/29/2014 4:18 PM
Del | Activate	Open / Not Attempted	Open / Not Attempted		ry, 4/30/2014 9:54 PM
Del | Activate	Sales Ready	Sales Ready		, 6/7/2016 9:59 AM
Del | Activate	Interested	Interested		/19/2014 12:41 PM
Del | Activate	Qualification Needed	Qualification Needed		, 3/14/2016 1:55 PM
Del | Activate	Converted	Converted		, 6/7/2016 9:58 AM
Del | Activate	Unqualified - Forever	Unqualified - Forever		, 6/7/2016 10:00 AM

One of the most common places to find value creep is in the Lead Status field. Lead Status is a prime candidate for value creep because SDRs and salespeople talk to the widest variety of prospects at the top of the funnel, which means the most edge cases are found here. In an effort to account for every edge case, sales operations teams add and add until the list of values is long and often redundant.

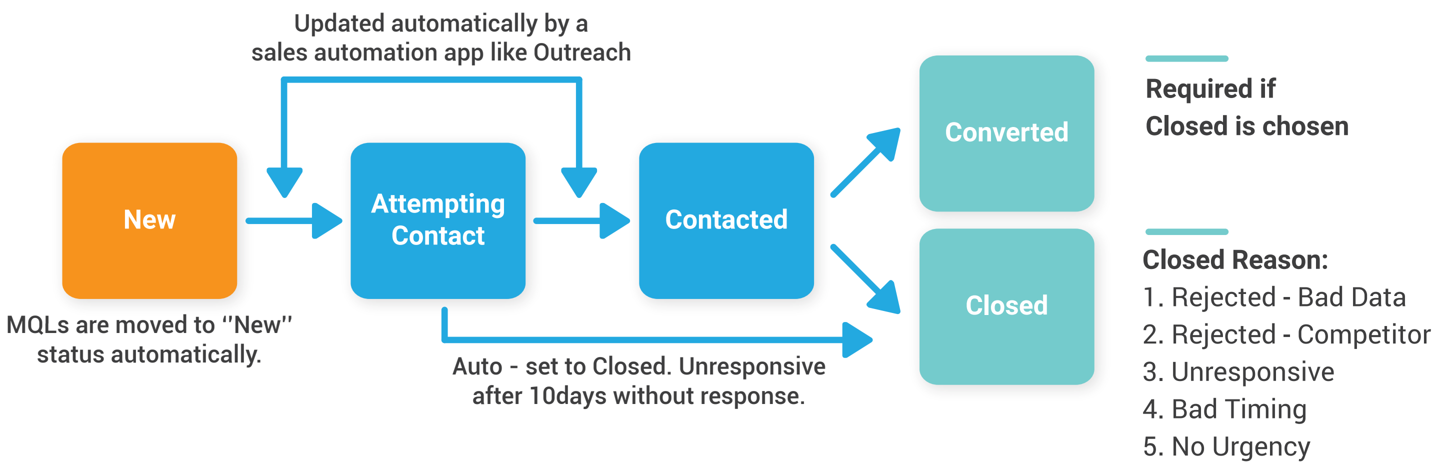
Stop reading for a moment and open your Salesforce account. Go into your settings and find the Lead Status field, click on it, and look at the values. Is it a small, tidy list, or is it long? Are the values confusing and duplicative? If so, you're probably suffering from value creep.

This is a list of real values in a client's account (shared with permission), all of which were active and included in the Lead Status list at one point:

What's the difference in Interested, Sales Ready, and Qualification Needed? No one could tell me. It was just as confusing to the SDR and sales teams as it is to you and me.

While a set of values like this is uncommon, it doesn't take much to make a picklist unwieldy. That's why it is critical that you choose the smallest number of values possible to get the job done. The more often a field is used, the more important it is that you abide by this rule. When it comes to leads, Lead Status is often the most used field on the record.

For most clients, I like to deploy a lead response tracking process that looks something like this:



The list of values is small and each one is easy to understand. A small set of values makes setting up automation easy. Syncing this list of values to a sales engagement platform is simple. I prefer Outreach, which takes about 5 minutes to sync Lead Stage values.

If your reps are receiving a high volume of leads, consider automating more than stage changes. ***Using Outreach's trigger functionality, you can automatically add new leads to sequences (a set of automated follow-up activities that reduce manual sales work) as soon as they are marked as an MQL and assigned to an SDR or AE.***

MEASURE FOLLOW-UP
ACTIVITY VOLUME

Now that you have a process for following up with leads, it's time to build a simple mechanism for tracking the number of activities logged against each lead. Following the steps in this section will allow you to confidently answer an important question: Do sales reps put enough effort into each lead that they receive?

The information below gets a bit technical, but don't let that deter you. A seasoned Salesforce admin can set this up fairly quickly. If you still need help, feel free to contact us directly: sales@icebergops.com. We're always happy to make sure you're on the right track with a bit of free advice or build it for you.

We're going to ask Salesforce to count the number of times we log activities associated with a lead. Just adding up the total activities (which Salesforce does already) doesn't work because there are many types of activities that we don't want include:

- Old activities from the last time they became an MQL
- Automated marketing emails
- Marketing automation activities (page visits, clicks, Etc)

I like to use an app called Rollup Helper to handle this work for Salesforce orgs that have a relatively small number of activities. It is quick to install, easy to set up, and you can get a lot of value out of the free version. Even if you decide to buy, it is an incredibly valuable app with a reasonable price tag.

Pro Tip: Rollup Helper isn't designed to sift through huge amounts of data quickly, so if your Salesforce org has more than 250,000 tasks, consider using custom (Apex) code instead. Otherwise Rollup Helper may take a long time to count up activities, delaying your data too long to be reliable.

The first step is creating the fields that will house our activity counts. The following instructions assume that you use Outreach.io as your sales engagement platform. Don't worry if you use something else — just change the filters to match the way your tool logs activities. If you don't use any email automation tool, then just create one field for all activities.

Create the following fields on the lead object in Salesforce:
Total Outbound Emails - number field, zero decimal places
Total Outbound Calls - number field, zero decimal places

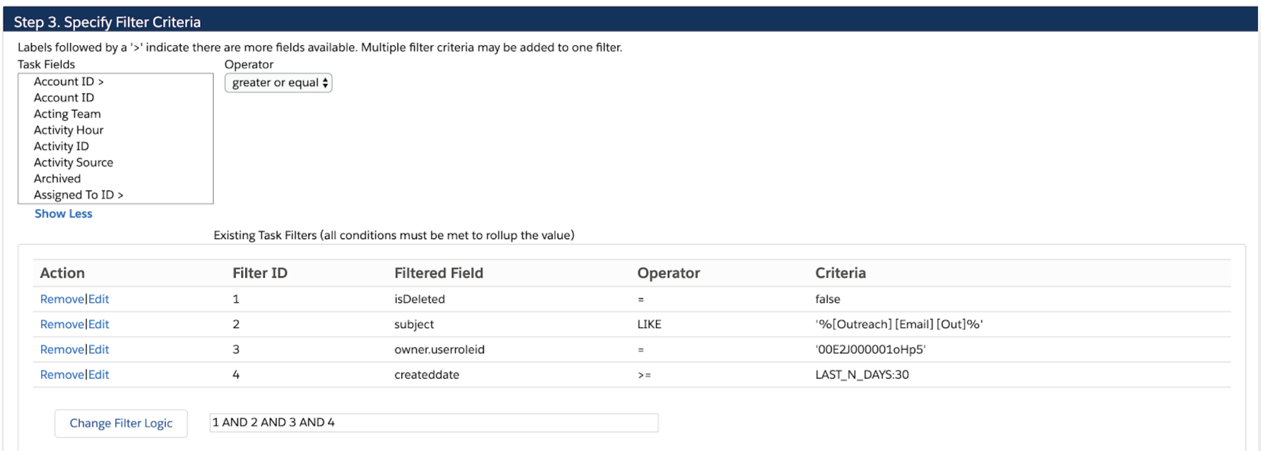
Next, install Rollup Helper. Choose "Install for All Users".

Finally, you'll build two new rollups. The fields we created above will be your destination fields. The Task object will be your source field. Each rollup will have a filter, which is how you teach it which activities you want it to count. I like to use the following:

• **Outbound call/email.**
The easiest way to filter these is the task subject. I look for the standard text that • Outreach adds to the beginning of each task subject.

• **Assigned to an SDR.**
Using Assigned To instead of Created By is important because some automated tools log the activities in the name of the person who set up the integration and not the person to whom the activity is assigned.
• **Created in the past 30 days.**
Since I don't allow a lead to MQL more than once in 30 days, this makes it almost impossible that

Here's what my Rollup Helper filters look like for an outbound email.



Note: Filter #1 above is a standard filter that won't affect your rollup in any way. It shows up by default. Don't remove it.

Once these rollups are in place and turned on, Salesforce will add 1 to the fields we created every time a task is created that matches the activities. Now you can add these fields to your lead views and reports to keep an eye on how many activities each lead receives after it becomes an MQL.

Pro Tip: Once the fields exist and work properly, you can slice the data in many ways. For example, you may want to know which of your reps has logged the most calls or emails against new leads in the last week. You may want to know who makes the most calls, on average, to new leads. It's all possible when the data is in the right format.

BUILD REPORTS AND DASHBOARDS TO MANAGE

If you've followed the guide, you now have a system in place that reliably tracks the status of leads. The last step is to build reports and dashboards that allow you to monitor those statuses to make sure no lead is left unaddressed. A few simple reports and dashboards are all that most teams need.

The process you created by following along with the previous section makes it easy to understand whether leads have been addressed. Building a lead view or a report to identify leads that are a day old and still need to be contacted is easy. Thanks to all the infrastructure we've put in place, you only need two filters:
1) MQL Date < TODAY
2) Lead Status = New

Knowing whether all of the leads have been addressed is critical, but there is more information that you'll need to manage the follow-up process. Here are the reports that I like to build and consolidate into a dashboard to track leads:

Report	Purpose
New Leads This: Day/Week/Month	Are we getting enough leads?
Lead Distribution by Rep	Are we getting enough leads?
Untouched Leads	Did anything fall through the cracks?
Avg Lead Response Time (By Rep)*	Are we following up quickly enough?
% New Leads to Opportunities*	Are we converting the leads we receive at an acceptable rate?
% New Leads to Unqualified*	Do we have issues with data quality or marketing targeting the wrong people?
Total Calls per Lead	Are we calling the leads or just relying on email?

**Requires additional fields or rollups in order to measure.*

CLOSING
THE LOOP

When your sales team is armed with the tracking infrastructure and reports in the last chapter, all they have to do to keep marketing up-to-date about which leads have progressed through the pipeline, which have stalled (and why), and which are no longer under consideration. This will then allow the marketing team to focus more deeply on any potential untapped market segments or to launch other initiatives that will generate even more leads for the sales team. And protecting your marketing team's investment in leads by plugging the leaks in your sales and marketing funnel is easy with a bit of planning. By assessing the handoff process between marketing and sales, fixing any leaks, and closing the loop, you'll start reaping the benefits of solid, streamlined marketing-to-sales communication.

Want some help auditing your marketing-to-sales handoff process? Check out our website HERE to learn more and set up a free evaluation.