SPICE UP
YOUR **MARKETING FUNNEL** WITH **ENHANCED INSIGHTS**

The Science Behind Gaining Visibility
In Each Stage Of The Funnel

INTRODUCTION

B2B marketers are vigilant about improving their ability to measure and analyze their impact; it was a priority for close to two-thirds (61%) of respondents in Demand Gen Report's *2016 Demand Generation Benchmark Report*. This jibes with the results of DemandWave's *2016 State of B2B Digital Marketing* survey, showing that B2B marketers' greatest digital marketing challenge is to prove ROI, besting lead gen, content creation and budget concerns.

With this push to become more data driven, marketers are beginning to shift to a more scientific mindset. This approach requires marketers to understand and analyze the data behind their programs so they can take action to continually improve the results. Key to accomplishing that is an unobstructed view into the sales and marketing funnel.

The challenge is that many organizations are hamstrung in clearly understanding all the activities that trigger a prospect to progress through the funnel and ultimately make a purchase. As a result, marketing and sales are at constant odds about lead management and quality, and the CMO struggles to demonstrate marketing's influence and impact on the business.

This E-book shares best practices and insights from industry leaders regarding the challenges in establishing full-funnel visibility, and features an inside look at how leading B2B organizations are gaining that visibility. It also details the seven elements organizations can apply to create a sales and marketing funnel based on a single source of truth—and spice up the results of their efforts.

WHAT'S IMPEDING DATA-DRIVEN MARKETING?

Siloed data that resides within various platforms is the biggest impediment for marketers. In many organizations, sales and marketing teams rely on different technology platforms, such as CRM and marketing automation systems. Once a lead is entered into the CRM system and is converted to a contact, marketing often loses visibility into sales follow-up. As a result, it's difficult—if not impossible — to associate any given campaign with the movement of a lead through the funnel, or the lead lifecycle.

Marketing finds itself trying to piece together a complete picture by integrating data from marketing automation with data exported from the CRM. That step alone can raise doubts about the accuracy of the data. Lack of true synchronization between the CRM and marketing automation systems means marketing often lacks access to the latest data and an accurate representation of all lead-related activity.

When the numbers reported by marketing and sales don't match up, marketing struggles with which campaigns drive leads through the funnel more quickly — or have the best conversion rates—and ultimately help generate revenue.

Siloed data that resides within various platforms **is the biggest impediment for marketers.**

CLICK TO TWEET

In turn, they feel powerless to justify budget and establish a collaborative relationship with their sales colleagues. This exacerbates the classic tension between marketing and sales: How much is marketing truly contributing to the business?

To earn a place at the revenue table, marketing needs full-funnel visibility. Perhaps most importantly, it needs to work from the same set of data as sales in order to establish trust. And with additional reliable information about campaign attribution, marketers plan with confidence and optimize their marketing mix to drive more revenue.

SILOED DATA
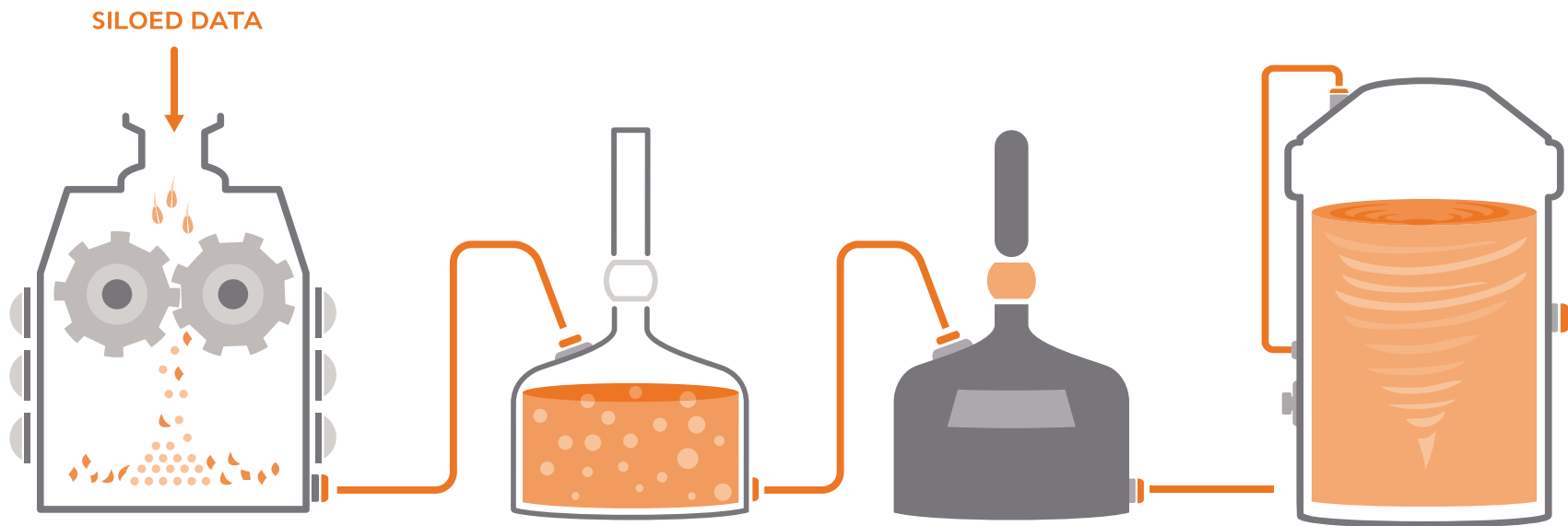
THE DRAWBACKS OF LINEAR LEAD TRACKING

However, establishing full-funnel visibility is no small feat. In the B2B world, a single stakeholder on a team of buyers might enter and exit the funnel multiple times over the long path to purchase. While CRM systems enable organizations to track leads throughout the sales cycle, most can only track this information in a linear fashion. This encourages a false emphasis on new names, rather than addressing engagement throughout the complete lead lifecycle or sales funnel. In fact, many CRM systems do not natively make it possible for organizations to measure repeat interactions with the same lead over time.

Consider this example: In January, a prospect downloads a white paper and is contacted by a sales rep. Once the prospect indicates her company does not have budget to make a purchase, the sales rep marks the lead as disqualified in the CRM system. In June, the lead reawakens in the system when she downloads additional content from the website. If the organization emphasizes new names, this lead may not be followed up with immediately and may grow stale.

Because only a single record is associated with the lead, the rep would either have to overwrite the previous history or leave the record as is. This introduces the likelihood that reps handle leads inconsistently. More importantly, it makes it challenging to accurately measure the time it takes a lead to move from initial engagement to each subsequent stage. In many cases, organizations end up discounting the initial engagement, losing important historical perspective.

To earn a place at the revenue table, **marketing needs full-funnel visibility.**

CLICK TO TWEET

GET YOUR DATA HOUSE IN ORDER

Salesforce contains three key data objects:

1. Campaign member object.

When a marketing automation tool pushes marketing-related activity into Salesforce, it becomes a campaign member object, which denotes a single person's interaction with that particular campaign.

2. Lead object.

A lead object indicates those people the company is pursuing as customers. This record can be converted into as many as three objects: an account, a contact, or an opportunity. Once converted, this individual's data does not show up as a Salesforce-lead record again unless a duplicate is created.
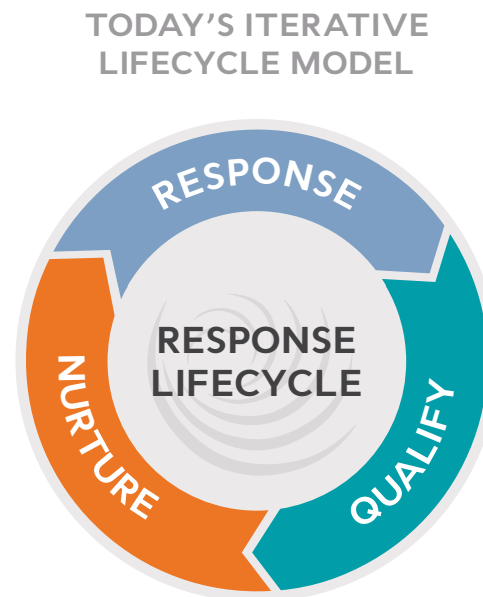
3. Contact object.

Often used to signify existing customers or validated individuals associated with an opportunity. A contact cannot be converted or even qualified in the same way that a lead can. While companies can assign leads to sales within Salesforce and track their disposition, contacts are usually managed completely by sales reps and are often left to flounder.

IT'S NOT LINEAR, IT'S A LIFECYLE

Marketing should be able to share leads with sales, but still track and tie every disposition back to impact on the overall business. Simply put, we know that leads which get disqualified now, can return a few days or months later. This mandates the need to evolve beyond the traditional linear lead model — where leads can only enter the funnel once — to an iterative lifecycle model that more accurately reflects the varying engagement patterns with B2B buyers over time.

TRADITIONAL LINEAR SALES FUNNEL

NEW LEADS **PROSPECTS** **CUSTOMERS**

LOST LEADS

TODAY'S ITERATIVE LIFECYCLE MODEL

RESPONSE

RESPONSE LIFECYCLE

NURTURE

QUALIFY

First and foremost, it is important to **move beyond the traditional lead-centric linear model** to an iterative lifecycle model where you are engaging with all responses in Salesforce irrespective of whether the person is represented as a Lead or a Contact.

Let's revisit the prospect that downloaded a white paper and was disqualified as an active lead during a follow-up call with a sales rep. A couple of months later, this same prospect interacts with the company at a tradeshow. While the prospect is "reactivated" within the CRM system, the system preserves the original lead disposition (i.e., shows that the prospect originally downloaded a white paper). This time, the prospect converts to a marketing qualified lead (MQL), and then to an opportunity and finally to a closed deal.

When using a CRM system—in concert with a tool that tracks funnel attainment and outcome—organizations can capture the result at each stage separately, and also look across the entire engagement as a whole. It also makes it possible for them to monitor each sales rep's behavior, seeing how they're progressing leads and converting to opportunities.

66%
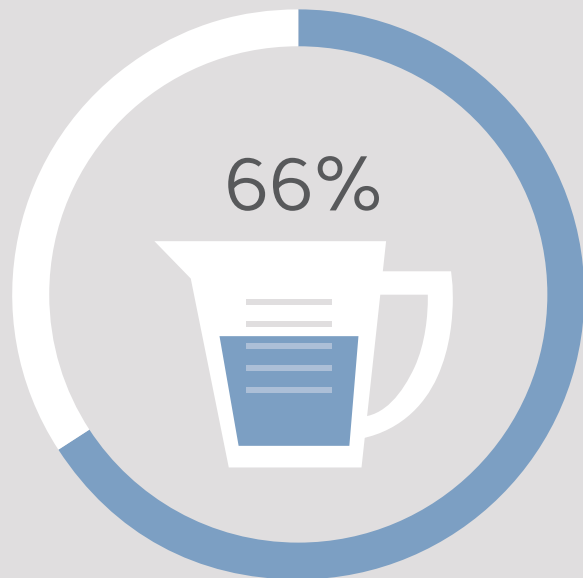
Two-thirds of marketers
(66%) indicated that their marketing efforts are being measured by pipeline.

Crack The Code Of Sales And Marketing Alignment, Feb. 2016, Demand Gen Report/InsideView Survey

THE 7 ELEMENTS OF FULL-FUNNEL VISIBILITY

Taking a scientific approach to marketing is about establishing solid processes, analyzing results, identifying data trends and patterns, and making strategic plans accordingly. By applying the following seven elements in a formulaic way, B2B marketers can proactively — and scientifically — achieve full-funnel visibility:

1. Acknowledge the B2B data problem

2. Set lead lifecycle-related goals and definitions

3. Align executives and teams

4. Identify bottlenecks

5. Optimize marketing-to-sales handoff

6. Measure programs against goals

7. Analyze results to drive further success

Element 1: Acknowledge the data problem

Theoretically, marketing and sales are charged with working in concert to drive demand and revenue, but in most organizations, this is far from the reality. Cultural issues aside, it's nearly impossible for these two groups to act in alignment when working from separate data sets.

Because the sales organization is the one closing deals, most companies place greater trust in their CRM data than in the data captured in a marketing automation tool or other marketing system of record. That means the onus is on the marketing team to create trust in their data. By pushing marketing data into the CRM and adding the use of a response management tool, marketing can generate reports and manage their analytics in the CRM system, ensuring marketing and sales are on the same page.

Element 2: Set lead lifecycle-related goals and definitions

According to John Donlon, Research Director at SiriusDecisions, in an interview, "The key is to first identify the right metrics and then define target goals in order to measure whether efforts are underperforming, right in line with expectations, or exceeding expectations." In a complex selling environment with a long buying cycle, marketers are wise to focus on a few key metrics: volume, conversion and velocity throughout the entire funnel. Combined, these three metrics help marketing understand its impact on business and where to prioritize future program investments.

"Organizations with tightly aligned marketing and sales achieved 24% faster revenue growth and **27% faster profit** over a three-year period."

Source: SiriusDecisions, Inc.
B-to-B Confidence Index Study

VOLUME. Volume helps determine whether the top-of-funnel marketing effort is sufficient. Here's an example scenario: If the company's average deal size is $10,000 and the goal is to generate $100,000 in revenue this month, the sales team needs to close 10 deals. Assume the sales cycle is two weeks, the conversion from lead to close is 1/100, and marketing sources half of all deals. In this case, marketing needs to generate 500 marketing qualified leads (MQLs) in the first two weeks of the month.

10 deals **x** 100 MQLs for each deal **x** 50% sourced by marketing
= 500 MQLs

CONVERSION. Conversion rates measure lead movement from stage to stage, showing how marketing is performing throughout the entire sales funnel. Measuring time in each stage gives clues into how to improve velocity. Perhaps MQLs are stuck in the marketing-to-sales handoff, requiring an adjustment to the process. Or perhaps they are lagging at a later stage in the funnel, and marketing can launch programs to accelerate the progression. For any stage, the conversion rate into the next stage is:

$$\frac{\text{\# of Leads in Stage}_{A+1}}{\text{\# of Leads in Stage}_A}$$
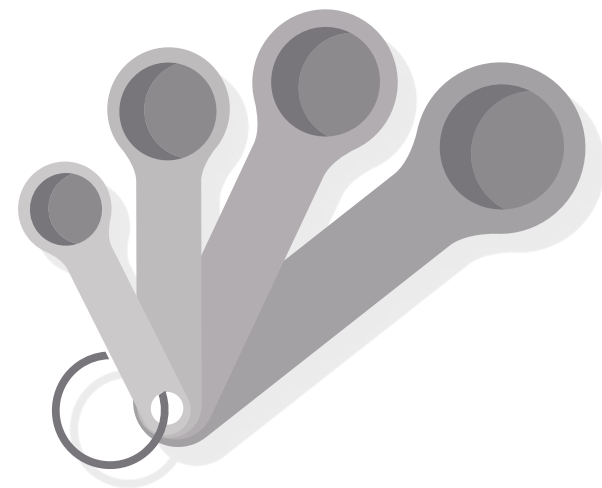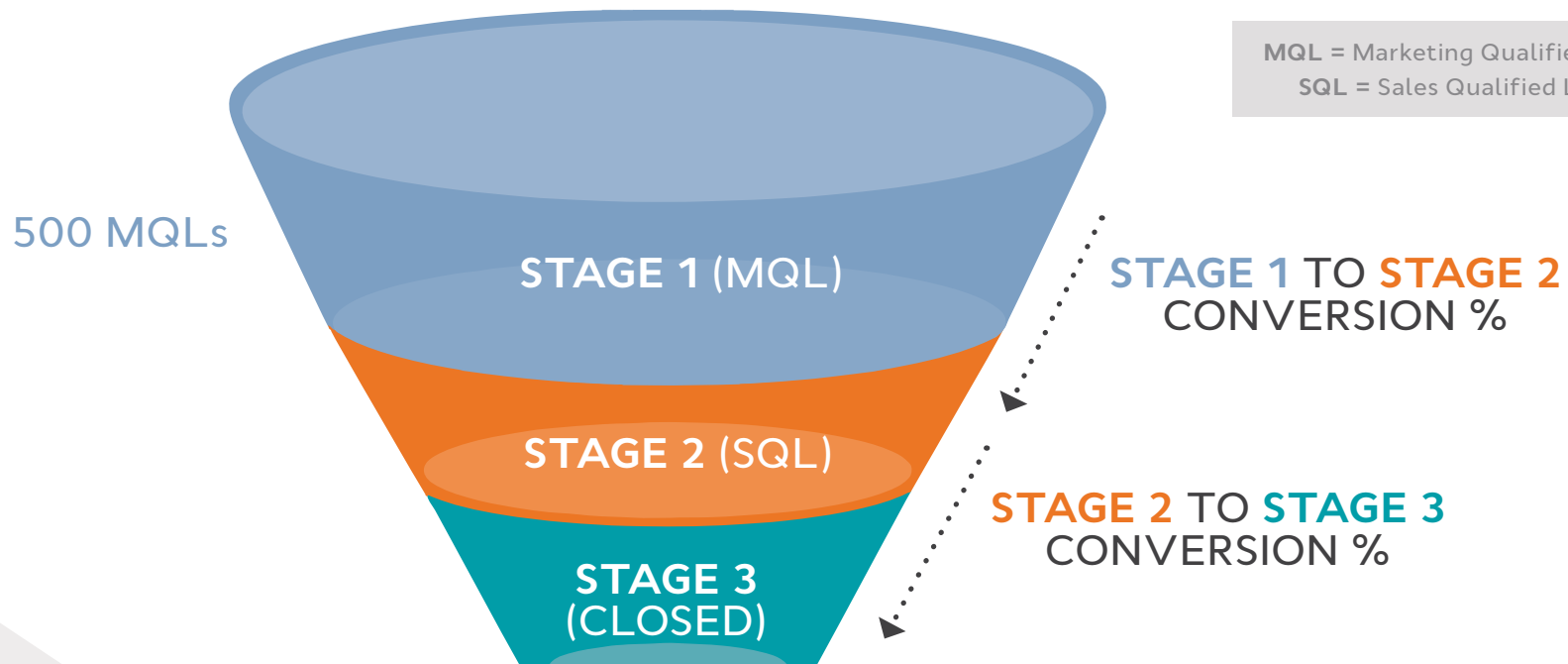
To illustrate an example of goal-setting, consider the following scenario:

Imagine a three-stage funnel (typically five is standard). Let's assume the company's top-of-funnel activities are able to reach and draw 500 MQLs. Now let's figure out the individual target conversion rates for Stage 1 to Stage 2, as well as Stage 2 to Stage 3.

In the above, we want to calculate the conversion rate through each funnel and, ultimately, the summary MQL-to-close conversion rate. A good starting point for target conversion rates is by assuming last year's conversion rates. Say that last year's reports show a 10% conversion for Stage 1-to-2 and Stage 2-to-3. Keeping those assumptions for this year, we get: 500 MQLs x 10% x 10% = 5 closed deals sourced from marketing, or an MQL-to-close conversion rate of 5/500 = 1%. If we want to improve upon the 10% conversion rate, we can choose a target of 15%, for example. Intuition about top-of-funnel and middle-of-funnel efficiency can guide this conversion target, but how does one do this methodically? That's where an in-depth analysis of velocity (see below) could be helpful in changing the assumptions by finding funnel stages where efficiency can be improved.

ILLUSTRATIVE THREE-STAGE FUNNEL

500 MQLs

STAGE 1 (MQL)

STAGE 2 (SQL)

STAGE 3 (CLOSED)

MQL = Marketing Qualified Lead
SQL = Sales Qualified Lead

STAGE 1 TO **STAGE 2** CONVERSION %

STAGE 2 TO **STAGE 3** CONVERSION %

Velocity. Velocity measures the time it takes a lead to move through the funnel — typically measured in days. With insight into the average length of the sales cycle — in other words, the time it takes for a MQL to turn into revenue — marketing can plan its campaigns accordingly. Some programs may work in combination to shorten the sales cycle and speed velocity. If marketing can help shorten the sales cycle by half, it means the sales team should be able to double the amount of revenue produced during that period. Remember: it can also signal problems when MQLs move too quickly through the funnel, perhaps indicating that the qualification process is lacking.

As Donlon explains, "If performance at one stage is significantly above benchmark, performance at the subsequent stages is often below benchmark. For example, if telesales receives a high volume of unqualified leads, they will struggle to convert these to sales-ready leads at the expected conversion rates."

To illustrate goal-setting for velocity, consider a scenario where we want to improve velocity. The first step is creating a historical report that displays the velocity of the leads in each stage, measured by average length in days. See the example below.

In this example, leads spent an average of 40 days in the first stage, greater than any other stage in this company's funnel. The marketing team can set a goal of improving the velocity by 10%, or down to 36 days. Assuming all else is equal, a 10% improvement in velocity yields an equivalent 10% increase in the marketing team's capacity to generate new leads, this theoretically leads to a 10% increased volume through the funnel and ultimately 10% increased Closed Won deals (i.e., revenue).

ILLUSTRATIVE VELOCITY REPORT FOR PRIOR YEAR

Velocity (in days)	
Inquiry to MQL	40
MQL to SAL	8
SAL to SQL	19
SQL to Closed Won	17

MQL = Marketing Qualified Lead
SAL = Sales Accepted Lead
SQL = Sales Qualified Lead

Element 3: Align executives and teams

While technology enables a single source of data, other elements are just as critical to achieving full-funnel visibility. First and foremost is ensuring alignment between sales and marketing executives, and then filtering that down to ensure the respective teams are on board. The leadership of both groups plays a major role in hashing out a solid process supported by a unified view of data. Moreover, they help mandate that both marketing and sales will rely on a single source of data within the CRM system in order to help the company reach its strategic goals.

In Donlon's experience, "Success requires equal participation from sales and marketing leadership in conveying the vision, promoting the importance of the lead management program, and encouraging sales and marketing to embrace it. It also often hinges on early involvement from first-line sales managers, as they are the ones who need to enforce the program within their teams."

Hand-in-hand with this, Denis Pombriant, Managing Principal of the Beagle Research Group, underscores the importance of key executives aligning around the right metrics. "The CEO, CFO, and VP Sales are already aligned around revenue and growth. The CMO needs to focus on quantitative measures that both relate to the others' expectations and demonstrate meaningful marketing results. This could include close rates or revenue on leads from particular programs and the ability to compare results across leads and programs."

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- John Donlon, SiriusDecisions

Element 4: Identify bottlenecks

Once baseline metrics have been defined, marketing can review the trends in their data and find places to iterate on processes for optimal results, according to experts. Assume it takes an average of more than two months for marketing qualified leads (MQLs) to get accepted by sales. In that case, marketing needs to determine precisely what criteria will prompt sales to move an MQL to SAL (Sales Accepted Lead), so the conversion process can be sped up. By cutting this time in half, for example, sales could generate significantly more revenue without spending much on new demand generation programs.

That way, the team can begin to react to and optimize results. Pombriant explained it this way: "Marketers need to transition from using analytics for retrospective purposes, in other words, issuing reports on what happened in the funnel. Instead, they need to use analytics to identify leads and programs that are not performing up to expectations set in the metrics."

If too few marketing qualified leads are being generated, the lead definition may be too rigid. On the other hand, when the definition is too loose, sales will be inundated with too many low-quality leads. This can manifest itself in the telesales team blindly accepting and passing along poorly qualified leads, causing bottlenecks downstream. According to Donlon, this underscores the need for vigilance at every step.

"Everyone involved in the lead management process must be empowered to reject a lead or opportunity because it does not meet agreed-upon criteria. At the same time, leadership should push for a consistent use of rejection codes so marketing and sales can identify trends and take corrective action." Donlon adds, "Marketing must continually revisit the reject codes while also keeping the list at a reasonable length. This is not a set-and-forget process; it requires active maintenance."

CURRENT STAGE IN FUNNEL

65%

33%

3%

RECORD COUNT

■ 2. MQL   ■ 3. SAL   ■ 6. SQL
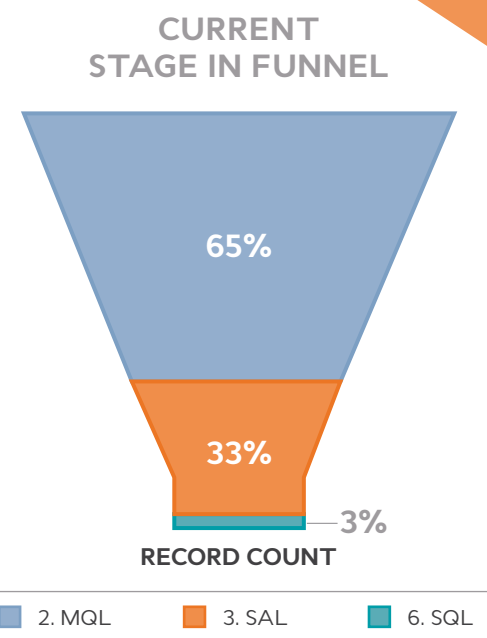
Velocity - Sales. Current + Last 12 Months	
Avg Days MQL-SAL	32
Avg Days SAL-SQL	20
Avg Days SQL-Won	4

HOW JOBVITE BOOSTED VISIBILITY, CREDIBILITY AND EFFICIENCY

Jobvite, an online recruiting platform, had to find a way to meet new revenue goals, gauge deal velocity, understand which campaigns were returning the greatest ROI and estimate the timeframe to sales impact. Jobvite turned to Full Circle Insights, a response management and campaign attribution provider, for a solution. The HR applicant-tracking provider worked with Full Circle to consolidate marketing and sales data inside Salesforce, which helped Jobvite gain a single view of prospects. This enabled Jobvite to analyze its sales and marketing funnels by source, team and sales stage —accurately attributing revenue and pinpointing where buyers were in the sales cycle. It was also able to accurately calculate funnel-stage conversions and deal velocity, so salespeople could track their own progress each quarter and identify deal leak points.

In addition, the marketing and sales teams were able to align around SLA goals and funnel definitions, amplifying their collective operational impact and expanding the company's top-line results:
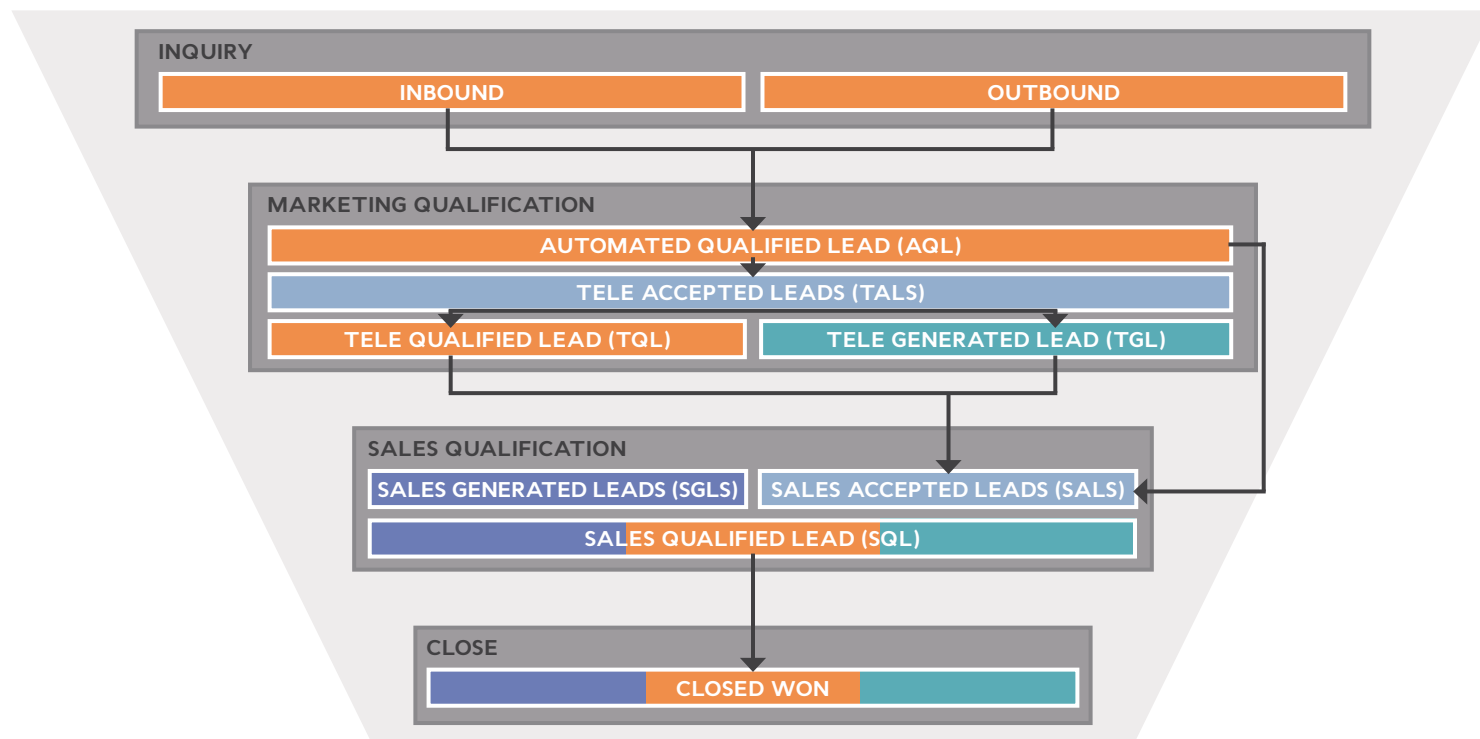
- **90%** of leads were processed within a few hours — an SLA improvement in excess of 20%

- **10%** increase in accepted leads; fewer deals were pushed and fewer bogus opportunities were pursued

- **100%** increase in inquiry-to-win rate, doubling marketing's efficiency

Element 5: Optimize marketing-to-sales handoff

One reason marketing teams struggle to align with sales is the failure to clearly outline each funnel stage and mandate consistent hand-offs throughout the process. SiriusDecisions refers to this process as the Demand Waterfall®, and defines it as comprising a series of steps that buyers go through, with lead stages representing the inputs and outputs at each step.

THE SIRIUSDECISIONS DEMAND WATERFALL®

SiriusPerspective: This is the b-to-b standard for defining, measuring, modeling and diagnosing demand creation performance across the lead management process.

INQUIRY

| INBOUND | OUTBOUND |

MARKETING QUALIFICATION

AUTOMATED QUALIFIED LEAD (AQL)

TELE ACCEPTED LEADS (TALS)

| TELE QUALIFIED LEAD (TQL) | TELE GENERATED LEAD (TGL) |

SALES QUALIFICATION

| SALES GENERATED LEADS (SGLS) | SALES ACCEPTED LEADS (SALS) |

SALES QUALIFIED LEAD (SQL)

CLOSE

CLOSED WON

Once processes are well-defined, it's critical that marketing and sales adhere to them without fail, according to SiriusDecisions. Key to this is validating that every step is occurring as defined by measuring adherence to service level agreements (SLAs). Only by handling leads in a uniform manner can an organization produce consistent data about the lifecycle across all leads, the company said.

To that end, Donlon adds, "The handoff needs to be bi-directional: marketing delivers leads to sales and sales provides feedback. Someone needs to be in charge of reviewing this feedback on a regular basis to detect patterns and trends, and to determine ways to correct less-than-optimal handoff and qualification. Just as important is communicating back to sales so they see that marketing is hearing and responding to the feedback."

Element 6: Use Funnel Metrics and Multi-touch Attribution to Measure Program Effectiveness

Whether by choice or because of tool constraints, many marketing teams use single-touch attribution methods, which only acknowledge the first- or last-touch campaign when determining revenue credit and calculating ROI. While this makes sense for companies with a short sales cycle, most B2B marketing and sales funnels span multiple touches. In many cases, these organizations call upon tens if not hundreds of campaigns per quarter, including those revolving around E-books, webinars, tradeshows and more.

Pombriant contends that, "When marketing measures revenue from the perspective of the last program to touch the customer, they walk away with a false understanding of that program's importance, as well as all the programs that went before. Metrics have to be aligned with the essential goals of the organization, which should include revenue, revenue velocity, and revenue per program."

"Metrics have to be aligned with the **essential goals of the organization, which should include revenue,** revenue velocity, and revenue per program."

- Denis Pombriant, Beagle Research Group

To capture how campaigns impact revenue, marketers can move toward a more accurate approach using weighted campaign attribution. Rather than assigning all revenue credit to a single campaign or spreading it evenly among every campaign, weighted campaign attribution lets marketers assign weights to each campaign touches based on different criteria.

For example, campaign weighting can be based on:

- The contact roles of the person that interacts with the campaigns (e.g., a response from a CMO has a higher weight than a response from a marketing intern)

- Different campaign types (e.g., white papers vs. events)

- When the response to the campaign happened (first touch, last touch, etc.)

Element 7:
Reassess results to drive further success

Marketing teams often struggle to get visibility into campaigns, follow-up activities and close rates associated with its campaigns. Yet they must be able to measure how all their efforts affect various stages of the pipeline, as well as how they work together to influence revenue. With a single source of data, marketing can spot trends, improve processes and optimize spending levels.

CASE STUDY

AXCIENT BETTER MEASURES MARKETING CONTRIBUTION TO THE BUSINESS

Axcient—which operates a disaster recovery-as-a-service cloud platform—is using Marketo and Salesforce, but the company relied on a first-touch attribution model, and struggled to determine the exact influence of marketing on pipeline and closed deals. By adding

Full Circle Insights to their technology stack, Axcient gained full-funnel visibility and the ability to report on multi-touch attribution. Axcient was able to account for every dollar spent and make better marketing spend decisions going forward.

CONCLUSION

B2B marketing's involvement used to end once leads were through the door, but today, marketing teams nurture leads further into the funnel until they are prepared to speak with sales. As a result, marketing is often held more accountable today for driving business results. The marketing team is responsible for determining not only which tactics are effective at generating marketing qualified leads, but also what influences their movement as they progress through the pipeline.

It's vital that marketing can see how many times a lead engaged with the company, and all marketing-related campaigns and content that person interacted with before making a purchase decision. This insight is critical to tying all lead movement and final dispositions back to marketing activities, enabling marketing to accurately determine revenue contribution and identify the most effective marketing tactics.

With growing pressure from upper management to defend marketing's spend, marketers are hungry for ways to prove their contribution to revenue goals and demonstrate their alignment with sales.

The most promising way to achieve this is for marketing to use the organization's CRM system — such as Salesforce — as the definitive source of data and information, along with additional attribution tools. Because CRM systems track a wealth of lead response information from both sales and marketing efforts, they provide the most accurate and complete funnel metrics across the entire demand generation organization. This allows marketing to shift from guesswork to a more credible, repeatable method of measuring and analyzing their impact.

By applying the seven elements outlined in this E-book, B2B organizations can start down the path to scientifically achieving full-funnel visibility, strengthening the alliance between marketing and sales, and driving better results from both.

Full Circle
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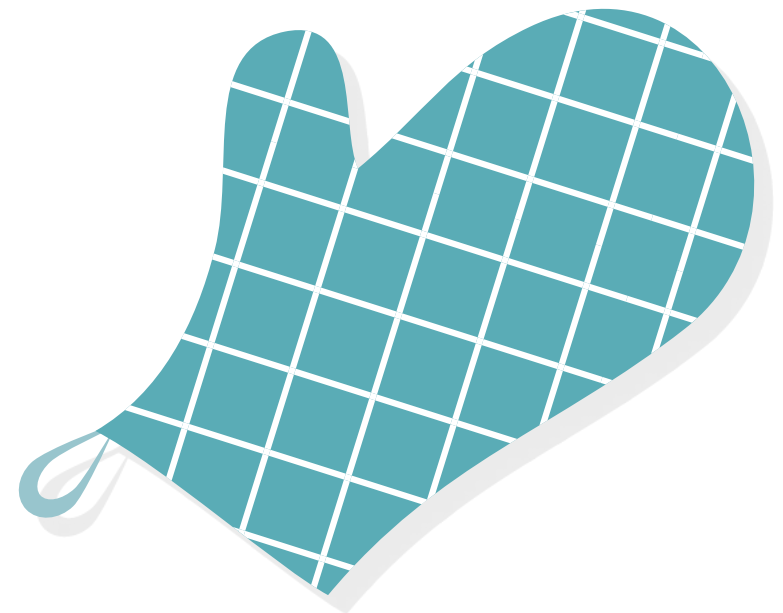
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ABOUT FULL CIRCLE INSIGHTS

Full Circle Insights provides Salesforce users a complete Marketing Performance Management solution that answers all of their marketing questions in one place and helps drive more revenue from every campaign with best-practice response lifecycle management, powerful weighted campaign attribution models, and comprehensive marketing and sales funnel metrics. Our cloud-based products are built 100% on Salesforce App Cloud and are compatible with the leading marketing automation solutions.

Founded by former CRM executives, product managers, and marketing automation specialists – the Full Circle Insights team knows what it takes to run a successful marketing organization. Our team is passionate about giving marketers the answers they need to understand marketing's impact on the business, plan with confidence, and grow revenue. Learn more at www.fullcircleinsights.com.

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ABOUT DEMAND GEN REPORT

Demand Gen Report is a targeted online publication that uncovers the strategies and solutions that help companies better align their sales and marketing organizations, and ultimately, drive growth. A key component of the publication's editorial coverage focuses on the sales and marketing automation tools that enable companies to better measure and manage their multi-channel demand generation efforts.