

What Is a Grande Guide?

You know what the typical day is like for marketers. Between brainstorming and strategy sessions, last-minute requests and impromptu meetings, and trips to meet customers, you can barely find time to breathe—never mind keep up with the latest marketing trends. That’s why Oracle Eloqua developed the Grande Guide series. The Grande Guides were developed to give you the opportunity to become proficient in a key marketing topic—in this case, lead scoring—with a minimal investment in time.

This Grande Guide will define lead scoring, explain why it is important to your business, and walk you through some examples of how it is done.

An Aberdeen survey measured the change in key metrics after implementing lead scoring. Best-in-class companies are those that reported, on average, the highest increases in revenue growth, lead conversion rates and decrease in cost per lead.

Source: Aberdeen Group, Lead Scoring and Prioritization

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.

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

Performance Metrics	Average Performance	
	Best-in-class	All others
Lead qualification rate	35%	22%
Forecast accuracy	32%	21%
Marketing effectiveness	31%	21%
Sales effectiveness	30%	15%
Lead conversion rate	28%	19%
Response rate	27%	20%
Pipeline thickness	27%	12%

FIGURE 1. LEAD SCORING PLAYS A CRUCIAL ROLE IN EARNING COMPANIES BEST-IN-CLASS STATUS.

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.

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 prospects' 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.

Why Do I Need to Understand Lead Scoring?

The more you as a marketer can be tied to any revenue-related activity, the more valuable you are to your organization. Lead scoring fosters better relations between sales and marketing because it allows both teams to work more efficiently and to improve close rates—both of which increase revenue. Not only does lead scoring help sales focus on the most promising leads, it provides an objective measure of which prospects need further nurturing, enabling marketing to intelligently concentrate its efforts.

Two Reasons for Lead Scoring:

1. In a study of 10 B2B organizations using lead scoring systems, Eloqua found that, on average, deal close rates increased by 30 percent; company revenue increased by 18 percent; and revenue per deal increased by 17 percent.
2. According to Aberdeen Research, companies that get lead scoring right have a 192 percent higher average lead qualification rate than those that do not.

Why Does My Business Need to Understand 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.

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 telemarketing 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.

Two of the most commonly used scoring dimensions:

Prospect identity. Explicit data determines fit, such as title, industry, and company revenues.

Prospect interest. Implicit data determines level of engagement, such as frequent visits to website and responsiveness to promotions.

To define lead scores, you must:

- Document the profile fit score.
- Determine four to five explicit-data categories (that is, the details prospects volunteer through a form or a business card) to define a sales-ready stage of qualification.
- Define how important these categories are in relationship to one another.
- Assign a tiered set of corresponding criteria values for each category. For example, you may want to assign points to both a VP and a Director but give the VP a significant number of points and the Director a bit fewer.



FIGURE 2. BY DEFINING LEAD SCORES, YOU CAN DETERMINE A PROSPECT'S STATUS.

Category	Ranking	Weighting
Pain/Need/ Solution/Interest	1	30%
Job Role	1	30%
Industry	2	25%
Lead Source	3a	15%

FIGURE 3. DEFINING LEAD SCORES

DOCUMENT THE ENGAGEMENT SCORE

To determine the engagement score, follow these steps:

- Determine the implicit-data categories (that is, prospect behaviors such as website visits and email click-throughs) 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. For example, prospects who visited the website three times last week are probably of higher quality than those who visited it three times over the last year.
- Determine overall ratings.
- Create a table that maps out the overall rating of a lead based on percentage 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.)

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

FIGURE 4. SCORING THE ENGAGEMENT

MAP RATING 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 (see Figure 5).

SPLIT THE SCORE

A Explicit = Profile Fit of Customer **1** Implicit = Level of Engagement or Interest

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



FIGURE 5. BY SPLITTING THE SCORE INTO TWO DIMENSIONS, YOU CAN PROVIDE MORE INSIGHT INTO ITS MEANING.

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 following¹:

- Taleo (acquired by Oracle in June 2012) saw a 56 percent improvement in MQL-to-SQL lead conversion, and realized 25-30 percent pipeline growth in certain segments.
- Infoblox increased the productivity of its telesales team by 20 percent.
- Omniture's A-leads close at a four times better rate than C-leads.

Benefits of an Automated Lead-Scoring System

- 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

1. Source: 2009 Eloqua Markie submission

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. In the next stage of lead scoring, look for the following:

1 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 marketers' lead-scoring and nurturing routines.

2 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.

3 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.

4 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.

5 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.

6 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 prospects' 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.

Appendix: Lead Scoring Resources

Interested in learning more about lead scoring?
Check out these resources.

ELOQUA RESOURCES

[Lead Scoring](#)

BLOGS

[It's All About Revenue:](#) A highly active blog that explores key aspects of revenue performance management, including lead scoring.

[B2B Lead Generation Blog:](#) Brian Carroll's blog focused on B2B lead generation, sales leads, and marketing for the complex sale.

[The B2B Lead Blog:](#) Delivers real-world, practical B2B sales and marketing tips to help you capture more qualified buyers and convert them into profitable customer relationships.

[The Funnelholic blog:](#) A blog for those who live and work at the top end of the B2B funnel: demand generation, lead generation, online media, B2B sales and marketing, marketing automation, DRIP, and lead nurturing.

CONSULTANTS AND SOLUTIONS

[The Bridge Group:](#) Specializes in building, expanding, and optimizing inside sales strategies for smart technology companies.

[LeadSloth:](#) Digital Marketing agency that helps B2B technology companies generate sales-ready leads with inbound marketing and marketing automation.

[Selling to Big Companies:](#) Sales trainer Jill Konrath, author of *Selling to Big Companies*, provides sales training programs and sales training workshops, sales seminars, and sales tips for the complex sell.

[Sales Lead Management Association:](#) Organization that aggregates resources and produces original content related to lead management.

GUIDES AND WHITE PAPERS

[Eloqua Lead Scoring Solution Guide](#)

[MarketingSherpa's Lead Scoring & Management Roundtable](#)

[Gleanster Lead Scoring & Prioritization Benchmark Report](#)

RESEARCH

[SiriusDecisions:](#) Leading source for B2B marketing best-practice research and data.

