



Truth or Dare: Discovering the Secrets behind Better Lead Generation

By [Nancy Pekala](#)

Why can't sales and marketing just get along, and what is the impact on a B2B organization's lead generation performance? In this exclusive interview with [B2B Marketing](#), Dan McDade, president and CEO of [PointClear](#), an Atlanta-based prospect development company and author of the new book, "[The Truth About Leads](#)," reveals some little-known secrets on lead generation and sales in business organizations today. He also shares his best advice for how to get sales and marketing in alignment and utilize social media effectively to engage business buyers.

B2B Marketing: *Why do you think the lead management process is broken in most B2B organizations today?*

Dan McDade: It comes down to ROI. Sales discounts the value of marketing leads and marketing has been defaulted to a cost per lead mentality. Because marketing doesn't receive feedback from sales on opportunities, they get their reward by producing a certain number of leads at a given cost while sales gets its reward by producing revenue. Unfortunately, that's not allowing for a great amount of communication. It's a basic business process that just seems to be broken in most companies.



Dan McDade

BM: *We see in survey after survey that B2Bs identify sales and marketing alignment (or lack thereof) as one of their top 3 challenges. Why is it not getting better and what will it take to get there?*

McDade: The reason this issue continues to exist is because most senior executives believe when they bring in an executive sales or marketing person that 1) they ought to know what to do and 2) they ought to be able to get along and be able to coordinate with the other department. The reality is that doesn't often happen. There are some real basic business processes between marketing and sales that are missing in most companies. The first of these is a pre-qualification step for leads. It focuses on the ability for leads to flow back and forth between marketing and sales when sales is not effective in connecting with an opportunity and having this function in the middle being responsible for nurturing longer term opportunities. This alignment issue goes back to the mid-1990s and unfortunately I don't feel like we've made a lot of progress in most companies.

BM: *In your book, you mention that marketing has been rendered powerless in most companies leading to expectations that are really out of line in terms of generating leads.*

You outline a five-step program to close that marketing gap. Can you summarize those key points?

McDade: The first is stopping the carousel on marketing programs. It seems that money is going out with certainty but with uncertain returns. It doesn't hurt to shut down some programs and not do other programs. Make sure you're doing the high value activities and cutting back on the low value activities. Stop and recalibrate and make sure the programs you are running are headed in the right direction.

Second, plan to crawl, walk and run. No company can effectively impact the current quarter's results with current quarter marketing so you shouldn't even try.

Third, you need to pinpoint the market. Many companies target too broadly. In one instance, we had a client who engaged a market research company that identified 80,000 targets. Within a few short months we reduced that to a 30,000 target universe and eventually to 22,000. The value in that is you want to make sure you're focusing in on the best prospects both from the standpoint of where you're going to have the highest likelihood of success and where you're going to have the best deals.

Fourth, you need to test your market and your offer before you invest. I can't tell you how many times agencies or marketing departments will put out a program that really looks more like something that was developed to win an award rather than something that will actually create results. It's possible to test your list and database, the communication platform or media you want to use as well as the price, packaging, terms and the messaging of the offer. You can test those relatively inexpensively and have a huge impact on results.

Finally, the fifth area focuses on measurement. I don't advocate measuring cost per lead necessarily because that's too narrow of a measurement but you should take a look at breaking out the costs. We find companies will spend a lot of money on trade shows, for example. In one instance, the client's cost per lead for a trade show was \$36,000 per lead and yet they were complaining because we had a \$500 cost per lead for just cold calling. What they failed to take into consideration is the total cost of putting up the booth and flying everyone to a big city and putting them up at a hotel and taking people out to dinners and cocktails. Sometimes you have to be at a trade show in order to be competitive but a lot of time, that's not the case. You want to make sure you spend your money wisely.

BM: *You suggest that faulty decision making by senior management can contribute to poor lead management. In the book, you identify seven fundamental truths that include ineffective strategic direction, inappropriate marketing focus and a lack of effort in engaging advocates. Can you discuss these particular truths in more detail?*

McDade: At the highest level, strategic direction by management goes back to the five key steps of closing the marketing gap. Make sure you have clearly identified your target market and your offer, you've determined what a lead looks like within your company and you've established metrics around leads. It's not as important on the front end that you use benchmarks for that, it's more important that you measure what your results are and begin to tweak those results from there. I find that really only happens at the highest level. I have an expression that nobody ever built a statue to a committee. Ultimately, a senior executive has to step up and make a decision on "Here's what our market is. Here's what we're selling. Here's how we're defining a lead." So if a lead

goes to sales and it meets that definition, there's an expectation that sales will follow up on it.

The second issue of marketing focus involves understanding what the objective of your marketing is. Marketing departments tend to have a skewed view of this. They tend to default to more branding form of marketing as opposed to getting hands raised, identifying prospects who are ready to look at their product or solution. You want to make sure you have a blend of marketing activity.

In terms of engaging advocates, you'll see, over and over again, at various stages of the buying cycle that peers are an incredibly important force in getting people to move toward or away from a company. Developing the concept of advocacy where clients are encouraged to talk and write positively about you is an important thing that gets missed.

BM: *One of my favorite chapters in the book is "Why Direct Marketing Causes Executives to Lose Their Marbles". It addresses the issue of targeted segmentation and list management. In it, you compare the way executives buy lists today to buying a jar of marbles without really knowing what they're getting. What steps can B2B organizations take today to improve their list management process?*

I'd recommend you start small by evaluating your current customers. Then go out and do a gap analysis and identify "birds of a feather". That doesn't mean taking thousands or tens of thousands of names that have come in over the years that are in your database and deciding you're going to clean all those up. That's typically going to be a career-ending decision to do that.

What you want to do is develop a model of your current client base and what you want it to look like, find where the gaps are and then, on an intuitive basis using the 'least expensive barrel of oil' approach, figure out where you can prospect less expensively and expect a greater return. Go after those first and then intuitively work your way down the list.

That's really the way to segment and stratify your list that's like that jar of marbles. If the marbles are all in there loose and there's no order to them, you really have no idea what to expect but if the marbles are stratified from the most expensive marbles at the top to the least expensive marbles at the bottom, then you have some idea of what you're going to get at the end.

BM: *You also talk about implementing a multi-touch strategy to engage prospects. You indicated that you conducted some research that revealed that unless you're reaching prospects with at least nine different touch points and a minimum of two email messages, you really are not achieving the results that you could. You also suggest that voice mail and email are good touch points for senior-level executives. What do you think is needed for B2B organizations to incorporate a multi-touch strategy into that lead generation process and are most B2Bs doing this today?*

McDade: No, I don't think most B2Bs are. Fundamentally, what we recommend is you test and measure. You test the type of touches, the number of touches, the number of cycles and you test different messages. What we find is that somewhere between 10% and 30% of the opportunities we identify for our clients is the result of a callback or an email. It's basically getting someone to raise their hand and say, 'Yes, I want to take the conversation to the next level.' In fact, my favorite story in that regard is a situation where we were talking to the Top 50 utilities in the country. It was specifically the CFO of

the top 50 utilities and on the 42nd touch, the CFO of the fourth largest utility called us back and said, 'Don't stop calling me. You're my conscience. I want to talk to you; I've just been extremely busy. If you call me back two weeks from Tuesday at 10 o'clock, I'll take that call.' Five months later, that closed for \$1 billion for our client. Many would say, 'Hey, if you called me 42 times, there's no way I would ever have called you back.' Well, we didn't call 42 times but invested 42 touches. That included calling and leaving voice mails, working through the admin and eventually sending some emails and getting a storyline in front of that individual so that he or she can make a decision about whether it's going to be worth their time to have a follow-up conversation.

I strongly recommend that you test and measure the touch cycle and you don't depend on one medium. I like to call it the 'silver tongue devil syndrome'. If you've got someone who's good on the phone or good face to face, you just get them in front of as many people as possible. Unfortunately, not all of us are silver tongue devils so what we have to do is use some of the other media like voice mail, email and even direct mail in many cases in putting our story in front of the right prospects at the right time.

BM: *We can't really talk about lead generation today without talking about social media. What role do social media play in lead generation for a B2B's sales force?*

McDade: Social media is just like what websites were years ago. It's a great equalizer. The problem is unless you're out on social media, you're less likely to get found, particularly with Google announcing that social media is playing a strong part in how it presents pages to individual consumers. In terms of social media approaches for B2Bs, I'd recommend the following as an order of priority:

- The first step is to make sure your CRM or sales force automation is working and is accurate and functioning. Everyone should agree on how a prospect moves from one stage to the next or how a customer is addressed in the company from a cross-sell or upsell standpoint.
- The second step is to make sure the website is communicating to your prospects and to your clients as effectively as it possibly can. How do you get more page views and keep visitors on the website longer? So if somebody is actually visiting your website for a minute, then you need to make sure that you optimize that.
- The next thing on the social media list is blogging because it's something you can control. As opposed to paid marketing, blogging is earned marketing. You're out in the blogosphere earning the respect of your target audience and building followers. Blogs are a great way to improve your search engine optimization rankings as well maintaining a dialogue with your market.
- Next, it's beneficial to have a presence on LinkedIn. There are about the same number of adult Americans using LinkedIn every day as those who use Facebook. LinkedIn is just a tremendous tool that most companies just haven't really looked at.
- Finally, B2b organizations should get involved in tweeting and online communities. . I recommend that everyone joins a community, not of peers, but of prospect types so they can listen and understand what's going on in those communities and then gradually get included in conversations.

BM: *You predicted that this is the year that sanity returns to lead generation, particularly as it pertains to marketing automation solutions. Are B2Bs relying too heavily on these automated solutions to get them to the performance level they need?*

McDade: Yes. It's a lot like the mid-1990s with sales force automation and CRM in that companies thought it was the Holy Grail. But not every senior executive wants to be

treated like the human equivalent of a pinball only getting attention when they've hit the right bumpers and scored enough points. As a matter of fact, the more senior the executive the less likely they are to depend on web research or clicking on white papers to do their research. They're more likely to depend on peers or reach out to a trusted vendor to try to get the skinny on what's really going on.

Marketing automation is very important. We use it and like it but we also feel it can be overused. Too often, it can be used in such a way that becomes a black box where leads go in one end and if out the other end don't come the right opportunities then it can become a real problem. As a matter of fact, field sales are beginning to revolt against some of the black box marketing automation leads because they really are not qualified, of the highest enough level or representing the right deals. As a result, they're missing some deals their competitors are getting because they're so dependent on it.

BM: *What are the top 3 steps you'd suggest to a B2B organization that really wants to get serious about moving that needle in improving lead generation performance and generating revenue?*

McDade: First, you need to take strategic accounts out of the day-to-day marketing and sales management and put them in a class of their own. You'll find that more and more companies are going to move to identifying strategic accounts and deploying against those accounts differently than they do the rest of their accounts. Whether its 20% or 30% of your total prospect base, strategic accounts need to be marketed to or sold to differently. It involves leveraging at different levels. You need to hit these companies at multiple levels of the organization and develop relationships.

The second important thing is setting up a process to pass leads back and forth from sales to marketing. Right now, marketing throws leads over the fence, sales either picks them up or doesn't pick them up. The ones that don't get picked up kind of lay on the floor and they just go away. There should be a process in place for sales to be required to either supply feedback to marketing about the quality of the lead or to take ownership and accountability for managing that lead. We need to get those leads out of sales or marketing lead purgatory and back to a function that's responsible for nurturing them or re-qualifying them to get them back in the hands of sales. The job of sales is not to spend 42 touches trying to reach a contact. Their role is to engage contacts and try to bring them through the sales process.

Lastly, because marketing automation is going to be important going forward, just make sure that you use a heavy dose of human intervention. Don't wait for all the opportunities to come out through the scoring system. Do what I call a null test. Take a percentage of those names that you're running through marketing automation and put them in a special class where you use more human intervention than less and see if the results dictate doing that in more cases. It's one of those methods of testing that make a lot of sense.

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