

## Lead Scoring

### *What is Lead Scoring?*

Simply put, lead scoring is an automated way to qualify leads. Successful companies have proven that focusing on quality vs. quantity of leads is an optimal strategy. Lead scoring helps organizations identify which leads are hot and better prioritize qualified leads for sales. Lead scoring is based on a custom set of rules, defined by the organization, that progressively grade a lead. For example, leads can be graded based on traditional sales qualification criteria known as BANT (Budget, Authority, Need, and Timeline). Scoring can be incremented or decremented and ranges from 0 on up. Using objective, vs. subjective, measures scoring helps organizations establish common ground on the real definition of a qualified lead.



### *Types of Lead Scores*

Lead scores are categorized into two types, activities and demographics. An activity lead score is when a lead executes a certain behavioral condition. For example, the following parameters are examples of activity-based lead scoring:

- Participating in a website chat
- Opening an email message
- Visiting multiple pages during a single visit
- Visiting a specific page
- Visiting your website on multiple occasions
- Finding your website based on specific search terms
- Staying on your website for a certain period of time

A demographic lead score is when a lead has a certain characteristic about them. For example, the following parameters are examples of demographic-based lead scoring:

- Annual revenue of the visitor's company
- Available budget for your solution
- First name, last name, city, state, etc.
- Job title
- Company name
- Industry of the visitor's company

### *How is Lead Scoring Implemented?*

Implementing lead scoring policies is done in three phases:

- **Phase 1:** Agree to lead scoring rules. Team leads from sales, marketing and operations caucus to define parameters of a lead scoring program. As a best practice, organizations should interview the sales team to understand their definition of a “hot” lead. Number of pages viewed, revenue, title and location are a just a few of the many scoring parameters and possibilities. Some revenue generation solutions allow the use of custom CRM fields as parameters to lead scoring. Contact your revenue generation vendor for specifics.
- **Phase 2:** Marketing implements lead scoring rules. Revenue generation software provides the ability for marketers to visually implement their lead scoring policies by using drag and drop technology. Some vendors implement lead scoring by way of a flow chart. Flow charts can be confusing and complex. Look for a simple and user friendly design that implements lead scoring in a “conversational-way”, from top to bottom. Once scoring rules are implemented, define the scoring range with a label of hot, warm and cold. See examples below.
- **Phase 3:** Sales becomes more efficient than ever and focuses on hot leads while cold and warm leads get nurtured via automation. It is important to “tune” your lead scoring process. Ensure marketing and sales are communicating closely to consistently improve the effectiveness of your lead scoring program.

Summarized by Forrester Research, Inc. “Use what you learn from customer profiling to create lead definitions. Sit down with sales to discuss lead quality, select scoring criteria, assign values to each, and model how scores change in response to specific events or triggers.”

### *What Analysts Say*

According to a recent study by Gartner, “up to 70% of sales leads are not properly leveraged or are completely ignored, thus wasting marketing program dollars.” Scoring takes all leads into account and establishes the foundation to further nurture leads from cold to hot.

Laura Ramos at Forrester Research says “B2B marketers who emphasize lead volume over lead quality reduce sales efficiency, increase campaign costs, and fuel the gap between sales and marketing. To generate qualified demand, marketers need technology and processes that capture lead quality information; validate, score, and classify leads; develop programs to nurture leads that don’t yet warrant sales attention; and define metrics that directly identify marketing’s contribution to the sales pipeline and closed leads.”





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*Example Lead Scoring Labels*

Label	Score Range
Hot Lead	70 or more points
Warm Lead	50 to 69 points
Cold Lead	0 to 49 points

*Example Lead Scoring Model*

Parameter	Condition	Points Today	Points Total
Country	= USA	10	10
Industry	= Finance	15	25
Revenue	>= \$100M	10	35
Role	= sales or marketing	- 20	15
Web activity	3 or more pages viewed	15	30
Downloaded white paper	Whitepaper on product X	30	60
Took action on an email message	Click link in email Y	15	75
<b>Total</b>	-----	-----	<b>75</b>

In conclusion, we see the lead score at this moment is 75. An important takeaway is to note that lead scoring is dynamic and cumulative. It can change in either direction, up or down, in real time based on interaction with the lead and your websites new ability to “listen” to your prospect’s interests. If the organization employed the aforementioned lead scoring model/labels sales would now know they have a hot lead (score is 70 or more points) to sell to.

*Measure ROI with Lead Scoring*

Organizations can use lead scoring to help measure return on investment of marketing dollars. Three examples of ROI measurements are below:

1. Increase in sales productivity
2. Decrease in sales cycle time
3. Increase in conversion rates from qualified lead to opportunity

*10 Tips to Optimize Lead Scoring*

1. Use lead scoring as an opportunity to collaborate. Lead scoring should not be done alone by marketing. Include others as well as sales.
2. Use lead scoring as a way to quantify the definition of a lead. Most of the time sales and marketing have differing opinions on the definition of a lead.
3. Continually tune your lead scoring rules/policies.
4. Review scores of won and lost opportunities to ensure scores reflect established rules. If not, tune your scoring rules.

5. Score your leads based on two types of information; demographics (explicit information) and activity (implicit information).
6. Consider how recent and frequent the leads activity is when scoring a lead. These are indicators of how interested the lead is.
7. Score on data that can be consistently captured across your database.
8. Nurture leads that don't meet qualification criteria of a hot lead.
9. Start simple. Lead scoring is a process of iteration.
10. Integrate lead scoring with your CRM to maximize effectiveness and visibility.

### *Scores to Consider (organized by type)*

#### Demographic scoring examples

- Location
- Partners
- Industry
- Revenue
- Number of divisions
- Number of employees
- Account type
- Products purchased
- Environment technologies (CRM, ERP, etc)
- Timeframe
- Title
- Role
- Type of email (personal or professional)
- Stock indexes and/or public or private
- Competitors
- Relationship
- Lead source

#### Activity scoring examples

- Website traffic
- Phone calls
- Press releases viewed
- Books/eBooks viewed/downloaded
- Brochures viewed/downloaded
- Webinars viewed/signed up for
- Videos viewed
- Case studies viewed
- Free trials participated in
- Free software downloaded
- Live demos participated in
- Phone call duration
- Tradeshows attended
- Chat sessions started
- Specific pages viewed (product, pricing, etc)
- Number of pages viewed
- Multiple visits
- Lead source
- Search terms used
- Surveys completed



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#### Negative scoring examples

- Unsubscribing from an email
- Not visiting a product or pricing page (only investor, management, career or press page)
- No website activity for long periods of time
- No change in lead status over a period of time
- Added to a "Do not contact" or "Do not call" list