

“Prospects are like Cholesterol- good and bad! The trick is to filter out the “bad prospects” and focus marketing spend and efforts on the “good prospects”, to drive them rapidly into sales cycles at a lower cost per closable opportunity”.

Andy Dé, Marketing Scientist

If you are battling with shrinking marketing budgets and the imperative to increase your leads-to-closable sales opportunity conversion at a lower cost-of-marketing then...

...deploy Targeted Integrated Marketing (TIM) for Marketing & Biz. Dev. Campaigns to drive higher Lead-to-Opportunity Conversion and Return-on-Marketing Investment (ROMI)

The How-To Manual for Strategic Marketing and Business Dev. for high ROI Sales Pipelines for Tech-focused Offerings in a Biz-to-Biz Context

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So why should I invest my time reading this paper?

If you are a Chief Marketing Officer, or VP / Director of Marketing responsible for delivering closable sales opportunities for your company on a budget that is shrinking with every passing year, you are probably looking for ways and means to increase your return on investment. Chances are that you have spent hundreds of thousands of marketing dollars participating and demonstrating in industry trade shows and events that promise to deliver leads that will close deals for your company, but are beginning to question the return on some of those marketing dollars. It is also highly probable that you are a strategic marketer who thinks “out-of-the-box” and is looking for ideas that will drive higher “bang for your marketing bucks” which in essence, means larger numbers of higher quality leads that will convert to closable sales opportunities at a lower cost, even in this demand constrained economy.

This paper describes a systematic, strategic approach to marketing and business development that is proven to increase lead-to-closable-opportunity conversion thru laser focused targeting of named customers in attractive micro-segments, at a cost that is significantly lower than traditional “shotgun marketing” methods that still prevail today. These “spray-and-pray” campaigns are squandering away millions of marketing dollars without tangible, quantifiable, defensible returns, simply because of a lack of out-of-the-box thinking that is contrarian to the status quo!

What if you could write targeted letters to 40 named prospect accounts and drive them into your sales pipeline with marketing responses of over 60% and lead-to-opportunity conversion ratios of over 15%, on an incremental marketing spend of less than \$ 1,000?

What if you could create a targeted web seminar for less than \$ 5,000 that delivers over 200 self-qualified leads to your pipeline at around \$25 a lead, which can then be qualified to deliver lead-to-opportunity conversion ratios of 6-10%?

This paper offers a strategic marketer’s perspective on targeted marketing and business development using **Targeted Integrated Marketing (TIM)** that is proven to deliver results such as those above, in the realm of enterprise software in a business-to-business context. Besides **enterprise software (ERP, SCM, CRM, PLM, EPM)** this process and the underlying principles can be extended to the pipeline creation process of other similar high-value, high-technology, complex, multi-buyer offerings in a biz-to-biz (B2B) context such as:

- **Medical Equipment** such as MRIs, CAT Scanners, Digital X-Ray, **Medical Devices** like pacemakers, implantable defibrillators, drug-eluting stents etc. and sophisticated **Medical Instruments** used in the Medical/Healthcare/Life-sciences industry
- **Bio-Tech** and **Bio-Informatics** offerings targeted at Pharma, Healthcare and Life-sciences that are very nascent and present significant challenges with going-to-market and delivering closable opportunities
- **Hi-Tech Hardware-Software combination offerings** for enterprise business automation and decision-support that are high price-point, complex to communicate and involve marketing and selling to multiple buyers with diverse buying criteria

Would it be worthwhile for you to increase your current lead-to-opportunity conversion while lowering your cost per closable opportunity by a thousand dollars or more, resulting in an aggregate reduction of your marketing spend by hundreds of thousands of dollars? If you have answered “yes”, read on....

This paper presents a strategic overview of the end-to-end TIM process for effective pipeline creation that can be leveraged to drive closable opportunities and increase ROI from marketing and business development. For further details, questions or clarification, please contact Andy Dé at (214) 914-2250 or andy@andyde.com

How do I measure ROI on my Marketing Campaigns?

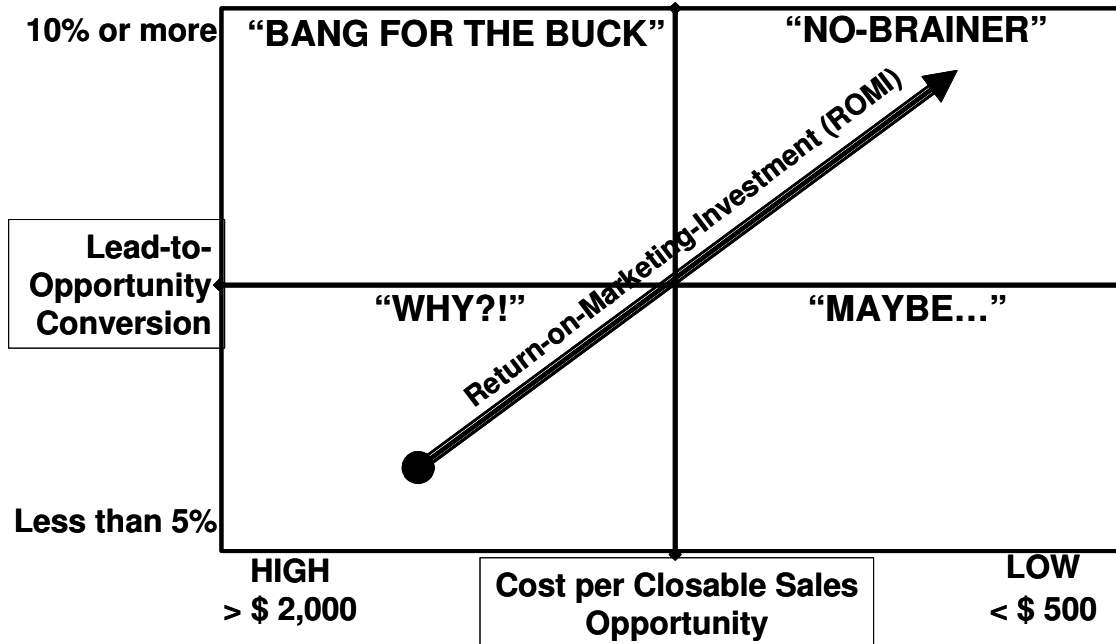


Figure 1. A framework for measuring Return-on-Marketing Investment (ROMI) across the lead-to-opportunity life-cycle.

It is a fact – *you cannot control or fix what you cannot measure!* Unfortunately, this is true for ROI measurements on marketing dollars as well. Since marketing campaigns are conceived, executed and qualified by two or more marketing functions within a central Corporate Marketing function or across multiple marketing and biz. dev. organizations, most companies find themselves challenged to formulate and track metrics across the lead –to-closable sales opportunity life-cycle that effectively measures, tracks and monitors what this author calls *ROMI – Return-on-Marketing-Investment*.

So how does one measure ROMI? ROMI from any marketing campaign across the lead-to-closable opportunity lifecycle can be appraised by measuring two variables, highlighted in figure 1. The first is the lead-to-opportunity conversion ratio or percentage and the second is the cost per closable sales opportunity, which is a dependent variable. An opportunity can be defined as one that is qualified with a customer need, an allocated budget and a timeline for procurement that is in the foreseeable future. Lead to opportunity conversion measures what percentage of leads from a campaign actually gets converted to closable opportunities that can be pursued by sales to closure. This is also a proxy for the quality of leads since higher quality leads will logically provide a higher conversion to opportunities and eventually, closed deals. It is not unusual to find marketing organizations that do not (and think they cannot) measure these metrics because of the fragmentation of accountability across multiple organizational silos as described above, as well as the data across multiple systems, organizations and spreadsheets!

Most marketing campaigns, especially in a recession, convert less than 2-4 % of leads into closable opportunities which is fairly abysmal and is a lagging indicator of a lack of sufficient analysis and targeting as the fatal flaw to begin with. Consequently, this also significantly drives up the cost of delivering closable opportunities into the sales pipeline. For instance, the cost of delivering closable sales opportunities using event centric marketing in the realm of enterprise software run as incredibly high as \$ 5,000 to \$ 22,000 per opportunity (excluding cost-of-sales) that is simply unsustainable in today’s environment, given the price erosion that has happened over 2001-2003!

Targeted Integrated Marketing (TIM) for higher Lead-to-Deal Conversion and ROMI

A radically different approach to the process of pipeline creation, invoking marketing fundamentals and harnessing technology innovation is needed to significantly increase lead-to-opportunity conversion and lower the cost per closable opportunity. **Targeted Integrated Marketing (TIM)** is the approach that has been proven to increase lead-to-opportunity conversion to as high as 15-20% at a cost-per-closable opportunity as low as \$100 - \$500!

Please populate the four quadrants above with data from your marketing campaigns to stratify and analyze your marketing spend today, as a first step to understanding your ROMI – the results will surprise, even shock you!

What if you could increase your current lead-to-opportunity conversion by 3-5 percent, with a concomitant decrease in the cost per opportunity by a thousand dollars or more?

What is Targeted Integrated Marketing (TIM)?

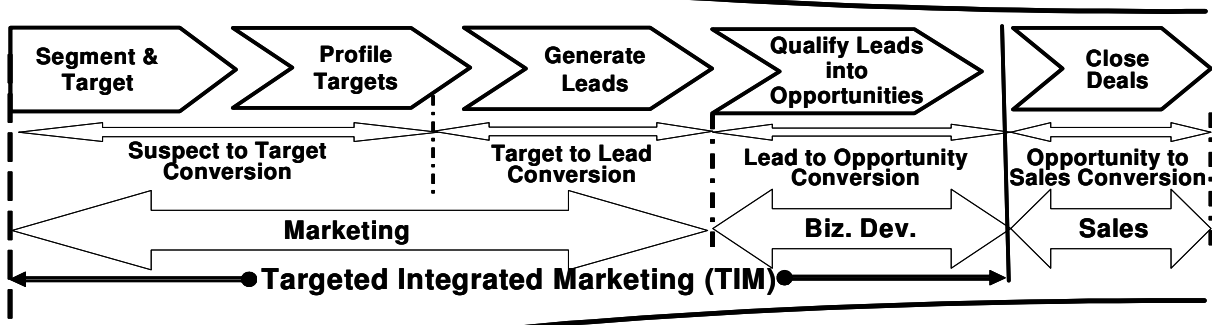


Figure 2. Targeted Integrated Marketing (TIM) is a strategic and systematic end-to-end process for lead-to-closable opportunity conversion, to maximize ROMI (Return-on-Marketing-Investment)

Targeted Integrated Marketing (TIM) is a strategic and systematic process approach to pipeline generation across the lead to opportunity life-cycle, to deliver quality leads that have a high probability of conversion into closable sales opportunities, at the lowest cost per sales opportunity. This is an end-to-end process across marketing and business development that can be measured, monitored and improved with progressive learning. What makes TIM unique are (a) **Targeting** the most attractive micro-segments of named customers and job-titles that need to be converted to closable prospects, and (b) **Integrated end-to-end process**, visibility and follow through across the lead-to-closable opportunity life-cycle. The entire process is illustrated in figure 2 above, and can be summarized as follows:

- **Segment and Target** the prospect or customer base to analyze, understand and identify specific micro-segments of a finite number of prospects or customers that would have a high probability of buying the solution or offering being marketed. A micro-segment is a group of prospects (usually between 20-50) with homogenous needs and buying characteristics. The key attribute here is the *quality of the suspects* identified predicated on sound marketing strategy, analysis and intelligence. This can be measured thru the *suspect-to-target conversion* metric that is crucial to the success of the following processes and one that is most often neglected in most marketing campaigns today.
- **Profile Targets** identified in the first step with company financials and relevant data that are key to stratifying and ranking them in order of priority. In addition, it is important to not only profile the identified prospect accounts at the company level but go one level lower and identify specific job-titles within those

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accounts that are buying decision makers, influencers or even gate-keepers in the buying process. Quality of the profiled targets is the key attribute here.

- **Generate Leads** based on delivering a customized message that is compelling to the identified target accounts and job profiles. This can take various forms including targeted letters to CXOs, web-seminars, tele-marketing campaigns or dedicated company events. Success of this process can be measured thru the cost per lead as well as the target-to-lead conversion metrics. The product life-cycle, number of targets for the campaign, customers vs. new prospects etc. are factors that will dictate the choice of the campaign medium. Leads generated from this process, are usually handed over by the Marketing function to the Biz. Dev. group in most companies.
- **Qualify Leads into Opportunities** is usually accomplished thru telemarketing either external, or internal call-center / biz.dev. reps. in most enterprises. This involves training the biz. dev. reps. on the salient aspects of the solution, its key competitive differentiators, target segments and job titles, their pain-points and key qualifying questions to ask, to determine appetite, budget, timeline, the current situation and potential competitors in the prospect consideration set. A lead that is qualified at this stage with a pain-point, budget, and timeline for procurement within the foreseeable future, is declared a closable opportunity and usually turned over to the sales reps. for pursuit to a close. The key metric here is the lead-to-opportunity conversion and cost-per-closable opportunity. This is usually the culmination and scope of the marketing and biz. dev. process and marks the beginning of a sales cycle. For the purposes of the TIM framework, we will scope our discussion to the lead-to-opportunity cycle.
- **Close deals** thru pursuit of the qualified opportunities marks the beginning of the **sales cycle** and will be out of scope for the purposes of the TIM framework discussed here. The underlying logic is that qualified opportunities of a higher quality (monitored thru the lead-to-opportunity conversion metric), will culminate in shorter sales cycles and a larger deal volume. The key metric here is opportunity-to-sales conversion and cost-of-sales which is usually measured and monitored by sales operations in most enterprises.

This sounds pretty logical so why don't most marketing organizations do it today?

The fundamental reason that most marketing organizations don't pursue TIM is that they have been conditioned NOT to do so. The "rah-rah" years of the 1990s with unlimited technology budgets have seen large corporations often invest in technology simply because they believed that technology was the panacea to all their ills. As well, industry and marketing hype (especially around Y2K and the dot.com era) drove the belief that technology adoption would assure market share and competitive advantage. Marketing folks in vendor companies spend humungous budgets (\$ 50-200K) putting up booths at tradeshow and industry events, collected business cards as "qualified leads" and then followed up on them via telemarketing and sales calls. This worked really well since the customers were investing millions of dollars in technology that easily justified the obscene cost of marketing and sales, that incidentally, was not even measured or monitored in any objective manner across most companies.

What has fundamentally changed in the new millennium is that the buying process for technology is far more rigorous and pragmatic - a consequence of the boatloads of "shelf-ware" technologies that enterprises, despite having invested millions of dollars, did not even implement. The onset of the recession, drought in technology budgets, increased competition and commoditization have also dramatically forced down price-points that in turn, made the astronomical costs of marketing and sales, simply unsustainable. For instance, enterprise applications software that sold for \$ 1.5 - 1.8 million per license in 2000, currently sells for \$ 200-300K! Unfortunately, most companies understand the need to become more efficient and cost-effective in terms of their marketing but simply do not have the people, processes and resources to do so. Also, the advent of web-driven marketing and CRM technologies have delivered the potential to dramatically increase lead-to-opportunity conversion at a much lower cost. For instance, can anyone justify investing \$ 150,000 to participate and put up a booth at an industry tradeshow to capture 50 business cards of people that are not buying decision makers, when it is possible to deploy TIM processes to put up a web-seminar that can capture 200 qualified leads (prospects qualify themselves by attending the webinar) at an incremental marketing cost of \$ 5000! Assuming even a 5% lead-to-opportunity conversion in both cases for the sake of argument, the cost per opportunity from the event would be \$ 50,000 per opportunity vs. \$ 500 per

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opportunity from the webinar, a 100 X difference in ROMI, which can translate into huge savings from a marketing spend perspective!

The other significant inhibitor to targeted marketing is that most marketing organizations in large enterprises are too fragmented to strategize, analyze, and then deliver a campaign from concept to execution across the lead-to-opportunity life-cycle. Organizational silos across product marketing, corporate marketing, industry marketing, field marketing and business development with process disconnects, lack of common metrics or visibility and disparate rewards and priorities of multiple organization leaders inhibit planning and execution across an *integrated end-to-end marketing process*. This also precludes programs and messages that need to be highly customized and targeted to the needs and pain points of the targeted micro-segments of named customers. Leveraging the segmentation and targeting intelligence into marketing campaigns is what most marketing organizations do not do very well today. So in effect, marketing dollars are spent running shotgun campaigns targeting telemarketing lists purchased from various resources “fishing for possible prospects”, leading to low lead-to-opportunity conversion and high cost-per-opportunity. In sharp contrast, the TIM process identifies specific, rank-ordered micro-segments (based on their current buying behavior) of named prospect accounts and appropriate job-titles. Laser-focused campaigns with custom, compelling messages are then executed with the specific objective of identifying a buying appetite and budget that can be rapidly converted into a sale. **The ROMI upside between status-quo marketing vs. TIM can be dramatic, as highlighted above and supported with evidence in the following section – of the order of 10X or more! What are the implications of a 10X increase in ROMI for your marketing organization and your career prospects?**

As shown in figure 2, the TIM process can be likened to a funnel where success with every step is predicated on the effectiveness and quality of inputs from the preceding step. Unlike most shotgun go-to-market strategies, TIM involves rigorous analysis driven by market trends, intelligence gathered from leading industry / financial analysts and current customers, to drive objective bases for segmentation¹ and targeting criteria. While psychographic segmentation driven models² of buyer behavior are assumed to be valid, **benefit segmentation** is the key to effectively targeting attractive micro-segments that would be more likely to buy the solution or products being offered. Effectively using benefit segmentation and appropriate filtering criteria will culminate in a finite universe of named suspect accounts and job titles that will ensure effective *suspect-to-target conversion*. Effectively delivering a compelling message to these targets by way of a lead-gen. campaign, will drive *high target-to-lead conversion* and deliver high quality leads into the biz. dev. process, at a *low cost per lead*. Finally, experienced and trained telemarketing reps. armed with well designed call-in scripts can qualify those leads into closable opportunities and drive them into the sales cycle ensuring a *high lead-to-opportunity conversion at a low cost per opportunity*. Well qualified opportunities effectively serve to accelerate sales cycles, translate into *higher deal volumes* and deal closure at a *lower cost-of-sales*, as described earlier. *Actual results and ROMI data from TIM driven campaigns in an enterprise software applications context are enumerated below.*

Does TIM really work? What is the evidence? Show me the money...

Table I below lists four different campaigns across the spectrum of lead generation mediums. The first two were conceived and executed using the TIM process while the latter two were carried out using conventional marketing.

The first TIM campaign involved writing **targeted letters** to CXOs of prospect companies that had been analyzed using publicly available financial and operations data. These letters were then followed up within a week by in-house telemarketing reps. that had been trained on the solution value proposition, customer case studies as well as the key

¹ Segmentation and targeting can be studied in greater detail in Marketing Management Eleventh Edition, Chapters 5-7, by Philip Kotler, Northwestern University, Prentice Hall, 2001

² For details on psychographic segmentation driven buyer adoption, please see Crossing the Chasm - *Marketing and Selling Hi-Tech Products to Mainstream Customers* by Geoffrey Moore, Harper Business Essentials, 1992

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qualifying questions to ask prospects. *24 of the 40 companies targeted responded to the letters and calls and the qualification culminated in 4 closable opportunities within around 60 days of the letters being dispatched, at the modest cost of around \$ 120 per opportunity, with a total incremental marketing spend of \$ 480.*

Campaign	Targeted Segments	Number of Profiled Targets	Lead Gen Medium	Marketing \$ Invested	Number of Leads	Cost per Lead	Number of Opportunities	Lead to Opportunity Conversion (%)	Cost per Opportunity
SCM Medico Letter Campaign	Medical Equipment, Devices and Instruments Manufacturers	40 companies - 160 job titles	Targeted Letters from CEO+ Telemarketing	\$480	24	\$20	4	17%	\$120
Inventory Optimization Webinar Campaign	Hi-Tech (Semi, Consumer Electronics), CPG (F&B, Soft Goods)	600 companies - 1,800 job titles	Web Seminar featuring AMR, i2 and IBM+Telemarketing	\$5,000	100	\$50	8 and counting	8%	\$625
SCM Telemarketing Campaign	Hi-Tech Semi & Consumer Electronics, CPG, F&B and Industrial	120 companies - 600 job titles	Telemarketing Calls	\$12,000			6	5%	\$2,000
Pharma and Healthcare SCM Conference	Pharma, Healthcare and Lifesciences	30 companies - 50 job titles	Event Attendance+ Telemarketing Calls	\$9,500	1 and counting	\$9,500	1	3.30%	\$9,500

Table I. Results from four campaigns with ROMI data comparing TIM campaigns vs. Others

The second TIM campaign - **a web seminar or webinar**, had a far broader market awareness and demand generation objective for a new solution that the company was taking to market. This involved web casting a customized message for the targeted micro-segments comprising an industry analyst, the company solutions director and an IBM partner. Marketing to drive attendance for the webinar took the form of a targeted message highlighting the solution value proposition that was e-mailed to over 1,800 profiled job titles across 600 targeted prospect accounts. *Over 150 people registered and 100 attended, delivering 100 leads at a cost of around \$ 50 per lead. Subsequent qualification thru telemarketing has already led for 4 sales cycles and 4 additional leads that are being qualified, within 44 days of the webinar, delivering a ROMI of \$ 625 per closable opportunity and still counting.*

The third campaign involved training an **external telemarketing firm** to call into a listing of 120 prospect accounts that were loosely segmented by industry and geographic location. *The telemarketers followed a prepared call-in script and delivered 6 opportunities for subsequent closure at a cost of roughly \$ 2,000 per opportunity.*

The last **event-based campaign** involved marketing and sales participation in a focused Pharma and Healthcare SCM Conference. Attempts were made to connect with as many attendees as were physically possible, and then collect the listing of attendees from the event which numbered around 50 relevant participants. *Post event profiling led to the identification of roughly 22 attendees that could potentially be targeted thru telemarketing calls. Calling into these accounts has yielded only one closable opportunity thus far that is being followed by the sales force, leading to an effective cost per opportunity of \$ 9,500.*

The power of TIM is self-evident from the data above, showing a 15-20 X ROMI over conventional un-targeted marketing campaigns. Given most significant industry events are far more expensive to participate and present in (\$ 50,000 - \$ 200,000), it is reasonable to conclude that the ROMI using TIM will be 20-50X higher compared with status-quo event-centric campaigns.

If I am interested in adopting TIM to enhance my ROMI, who do I call?

If you have the imperative to drive higher lead-to-opportunity conversion from your marketing and significantly increase your ROMI, Targeted Integrated Marketing (TIM) can deliver results in 180 days or less, with a dramatically lower marketing spend, as evidenced by the results above.

Please call **Andy Dé** at (469) 878-1608 or e-mail him at andy@andyde.com.

About Andy Dé – Bio (www.andyde.com)

Andy Dé is a results and ROI driven Senior Technology Solutions Marketing Professional and Thought Leader with significant international strategy consulting, solutions marketing/ management and marketing communications experience. Strengths comprise strategic visioning, ideation, persuasive leadership, rapid learning and communication, with a focus on successful execution. An enthusiastic self-starter, collaborative team player and eclectic people person with a passion for excellence, learning and growth. Business experience and education across the USA, Canada, Germany, Israel and India, with proficiency in five languages including English and French.

Andy has over ten (10) years of Technology Solutions Marketing experience comprising the following skill-sets:

- Marketing Strategy
- Solutions Marketing and Solutions Management
- Marketing Communications
- Market Sensing - Trends & Opportunity Analysis
- Competitive Differentiation, Solution Positioning, Packaging & Pricing
- Market, Solution & Brand Awareness – Analyst, Media & Press Relations
- Segmentation, Targeting, Prospect Profiling & Qualification
- Sales Support – Targeting, Messaging, Collateral and Training
- Integrated Demand Generation and Awareness Campaigns - Online & Offline

Andy is currently the **Director of Solutions Management** for **SAP's** Manufacturing Solution. In this role, he leads solution definition, vision, packaging, positioning, field enablement and go-to-market for SAP's Manufacturing Solution in a matrixed environment, across Field and Industry Marketing and Product Development.

Before joining SAP, Andy was **Director of Outbound Solutions Marketing, Supply Chain Management (SCM)** at **i2 Technologies** based in Dallas, TX. Andy has global responsibility for strategic and operational outbound product marketing and marketing communications for i2's flagship SCM solutions. These include market and trends analysis, customer segmentation and profiling, product positioning and messaging, market awareness, analyst, media, academic, channel and press relations, demand generation and sales enablement. Andy pioneered the **Targeted Integrated Marketing (TIM)** methodology at i2 and has led the process from strategy to execution, for i2's flagship SCM offering. His marketing campaigns have delivered the highest returns on marketing dollars in recent i2 history. His thought and execution leadership has led to the *adoption of the TIM paradigm as an integrated best-practice approach to marketing and business development at i2.*

Prior to joining i2 in September 2000, Andy contributed as an e-business and supply chain strategy consultant, analyst and author at **Digital 4Sight** in Toronto, Canada. He has been a strategy consultant to leading enterprise application providers, two of the big-three automakers and one of the big three internetworking solution providers in North-America. He has contributed strategy frameworks to the 2000 business best seller, **Digital Capital: Harnessing the Power of Business Webs** (authors - Don Tapscott, David Ticoll and Alex Lowy, Harvard Business School Press, May 2000).

Andy holds a bachelor's degree in mechanical engineering from the University of Bombay, India, and a master's degree in materials science and engineering from the University of Florida. He has an International MBA (I-MBA) from the TelAviv International School of Management (TISOM), Israel and a MBA in Business Strategy and Marketing from the Richard Ivey School of Business at the University of Western Ontario, Canada. Andy has had the distinction of funding his entire graduate education thru scholarships and fellowships from prestigious organizations like the Defense Advanced Research Projects Agency (DARPA), Siemens, Nortel and Citibank.