

## “Turning Contacts Into Profit”©

Demand Creation and Sales Effectiveness is the key revenue and profit driver in most companies. At the forefront of new clients, revenue and profit is dependent on finding the right prospect, at the right cost, with the right margins, the right volume and in the right timeframe; a tall task. To find these prospects and convert them to profit, a company needs an effective “Demand Creation and Sales Conversion” process that is aligned to achieve the businesses objectives.

In many companies the alignment between demand creation, sales and business objectives does not exist. CEO’s observe sales performing according to plan, but profits are down. CEO’s see sales struggling and asking for more resources, but the additional cost will drive profit even lower. This is a familiar scenario in companies across the country and internationally. It is pervasive and often is an indicator that the company has systemic demand creation and sales effectiveness issues.

Research done by The Kirchoff Group has found that 73% of companies (small and large) do not have a well executed business interlock process between business objectives and sales. That plan should consider a level of alignment and optimization with demand creation efforts and the sales process. Sales should be working with marketing support to achieve the business goals of the company and the entire sales force should know what those goals are. The process that is Demand Creation and Sales Effectiveness should scale to the size of the company and be based on sound business fundamentals while taking into account primary external factors and an honest assessment of internal resources.

Today, many companies believe the answer is a fancy new CRM system. However, analyzing, optimizing and aligning your existing system will allow you to make the quick adjustments that can give you huge benefits. Should you then determine a new CRM system is required, you can begin to scale your demand creation and sales effectiveness with optimum business results.

If fact, even companies who have put a new CRM system in place can benefit from a new methodology that is gathering attention and gaining momentum. This is a methodology that assesses, analyzes and strives to align a company’s business plan with their sales and marketing function. It finds misalignments in people, processes and platforms that, when addressed, significantly improve the success of the new CRM system and profit generation outcome.

This comprehensive approach moves companies towards a well coordinated end-to-end business plan that synchronizes demand creation, lead management and the lead conversion process.

### **Business Plan**

The “Demand Creation and Sales Effectiveness” methodology must implement the business plan for the company. It is very important that there is a connection between the business plan and the Demand Creation and Sales Effectiveness process.



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Here is an example of what happens when you do not have a well-coordinated execution plan:

1. The company is operating on a gross margin of 30%
2. Sales finds it necessary to offer a 10% discount to win orders (in this business climate the typical discount is 15%)
3. Lead generation efforts have not been adjusted properly
4. The Business Plan does not include Option Planning (Only 27% of the business plans in existing companies do)
5. Profits suffer dramatically and actually go down
6. Panic sets in because with the discount being offered, Senior Management is expecting more sales and consequently more profits

Fact: A 10% discount on sales requires you to sell 50% more to achieve the same profit margins and it is not going to happen unless the proper adjustments are made to the lead generation efforts.

The business plan needs to include option planning for different lead generation needs and the new methodology mentioned above takes this into account.

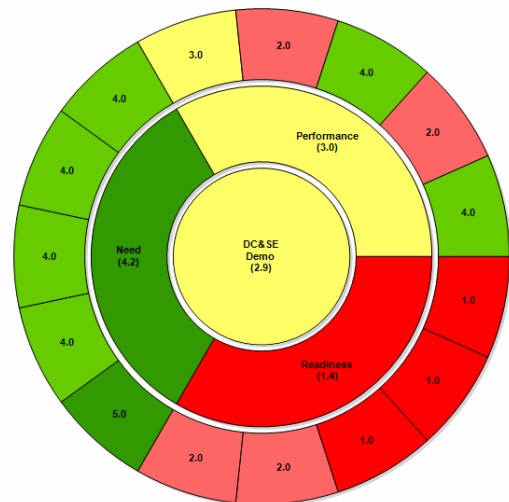
## Demand Creation

Demand creation (or demand marketing) along with sales people, produce leads. Demand creation is the life blood of any sales organization because it identifies those interested in purchasing your products or services. Without leads, your sales force cannot sell, and while your sales force is one contributor of leads, it should not be the only source. Forty (40) to Sixty (60) percent of a salespersons time is lost in sourcing and qualifying leads which makes dialing for leads a very expensive proposition. A lead qualification methodology recently introduced works to reduce the Demand Creation and Sales Effectiveness function to 5% -8% of a salesperson’s time. This manifests to the bottom line by offering the option of reducing the number of sales people or significantly increasing their effectiveness.

## Lead Qualification

Let’s consider that your lead generation activities are working and your pipeline is

Company C Detail Summary



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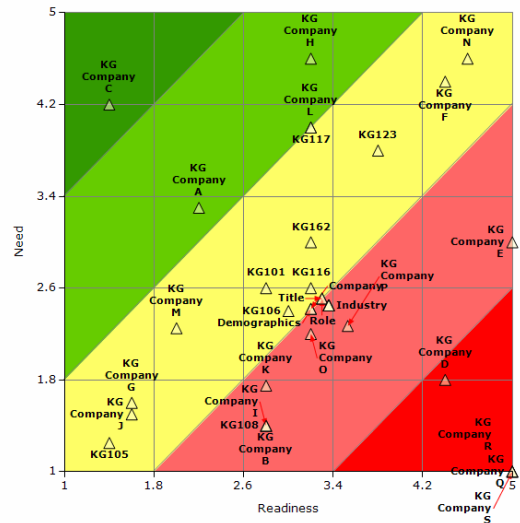
filling up. Now you need to focus on how to pass on qualified leads for sales conversion.

At this stage, it is critical that a process is established to ensure that all leads (good or bad) are qualified properly. Here are some key qualifying elements to a solid lead qualification process using the NeuraTool Screener methodology from NeuraMetrics:

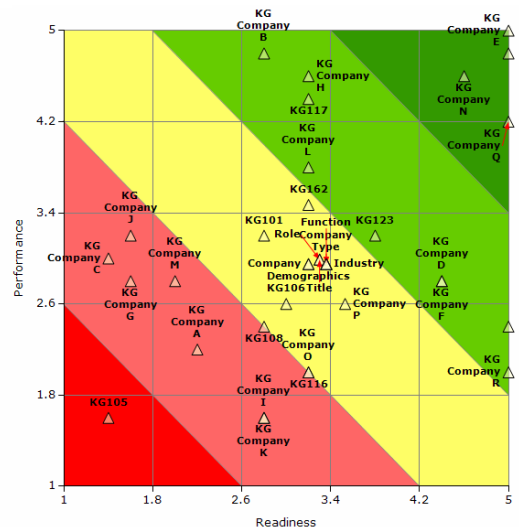
There are three major concepts that are explored using a brief set of questions usually asked of one very informed person answering on behalf of the corporation.

- Need – An overview of the company’s position or circumstances which indicate a need for a Demand Creation and Sales Effectiveness improvement methodology
- Readiness – An overview of the company’s Demand Creation and Sales Effectiveness maturity level.
- Performance – The variable that correlates with the company’s Readiness or Maturity level in their Demand Creation and Sales Effectiveness process. The more mature (or ready) the process is the better the company will tend to perform.

Readiness Vs. Need



Readiness Vs. Performance



Intensity is a measure of pain being experienced. The lower a company’s Performance rating the faster it will tend to justify change.

In many cases qualifying questions are not asked properly. New On-line screeners and eMarketing techniques significantly increase the number and quantity of leads you can generate to significantly improve your lead qualification process, and a Demand Creation and Sales Effectiveness Screener can help both the potential client and the seller identify the gaps.



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## Lead Conversion

As leads filter through your lead management system, your focus should be on increasing your probability of converting a qualified lead into a timely order. Here are some key conversion elements that need to be in place:

- Intelligence –
  1. Understand the opportunity and the strategy you will implore to get the order
  2. Understand the competitor’s likely strategy and try to determine what he thinks the opportunity is
  3. Be able to defend your uniqueness
  4. Understand how the buying decision will be made
    - What is the buying process?
    - Where does this project fit in the budgeting process for this organization?
- Relationship –
  1. Understand the motivation of your main contact in this account
  2. Understand at what level this decision will be made and whether or not there is a sponsor you can depend on
  3. Understand the probabilities that anyone in the account will unequivocally back your proposal
- Reputation –
  1. Understand you’re history in this account
  2. Understand if there is a need for customer references to get this business and provide them if necessary
  3. Provide any analysis’s or opinion papers that support your proposal

The Kirchoff Group has researched and tested a new “Demand Creation and Sales Effectiveness” analysis methodology that is designed to identify the gaps and provide you an end-to-end assessment for optimizing and aligning your processes to achieve maximum sales, revenue, profit and growth. To learn more about this new and innovative approach go to [www.kirchoff-group.com](http://www.kirchoff-group.com) and request an on-line assessment to see how well you stack up.

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