

# TRUE COSTS OF UNDERQUALIFIED LEADS

Global Technology Sales Solutions

## Costs of Underqualified Leads

On the surface, the ROI for marketing campaigns can be a straight calculation of spending against tangible revenue generated. Marketers and budget funders must look beyond the surface to gather the true costs of our campaigns. That is, we must consider the costs inherent in processing leads and the costs to our sales organization to engage them. We must also account for the costs of labor and also the opportunity expenses involved in diverting sales resources away from other revenue generating activities.

Some marketing departments view their business development activities as part of a volume play, where a certain percentage of leads produced by marketing will convert to revenue. Certainly a portion do this via a volume-based strategy. The volume-based shotgun approach of calling everyone within a target demographic and leading with product and solution offers will lead to some sales. These closed deals are commonly known as “blue birds”. Blue birds are new customers who marketing stumbles across because the prospect interacted as a result of their pre-existing interest. These blue birds represent a small fraction of any sales pipeline.

Calculating the spend on a marketing activity as a cost against the volume of new business revenue generated often neglects the overall economic expense involved to engage the larger portion of the lead pool.

To attain the true costs of a marketing campaign we must look at what is involved in to engage *all* leads across the entire sales organization. These costs include the following:

- Labor costs for engagement of leads
- Opportunity expense of diverting sales attention
- Operational costs involved in processing and storing data

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*“Funders must factor the costs of processing and engagement of leads to derive the true costs of marketing investments”*

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*The negative effects of underqualified engagements are felt by both customers and sales departments*

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## Calculating the Real Costs of Leads

The first item on the list is straight forward and most operations can estimate what labor costs on average can be for typical sales engagements. Labor may be the easiest to calculate and it certainly will be substantial.

The opportunity expense of diverting sales attention is a difficult metric to measure, but nonetheless it is real. Think about the other sources of sales revenue generation, including efforts against installed-base customers for cross-sell and upsell opportunities. The majority of an enterprise sales rep's time is spent on installed-base customer inquiries, as well as pro-active regular account management tasks that help retain a customer. It is where most of the revenue derives from and therefore diverting focus away from this type of activity must be weighed carefully.

There are always inherent operational expenses involved to process and maintain the volume of data that flows from marketing into sales, automated marketing systems, and eventually the CRM data repository. Although, these costs are less in comparison to the others, they are still expenses that need to be taken into account.

The fourth and fifth items can be covered together. The negative effects of unprepared and underqualified engagements are felt by both customers and the sales departments. Sales morale can be negatively affected by constantly weaving through customer rejections, that are caused by unqualified assumptions including thinking the customer is truly interested and has a motivation to engage. Many marketing departments subscribe to appointment setting services that provide only basic levels of qualifications and then connect the sales force with the prospective customers. Neither party tends to have their ducks in a row as they say. Instead, the meetings usually become ill-timed 'dog and pony shows' of the products and services to an audience that is unprepared with the information needed to enable a quality meeting. These meetings usually leave both parties wondering why they met in the first place.

# DNA Demand Generation™



Global Technology Sales Solutions trademarked DNA Demand Generation™ Process for Business Development

The customer is negatively affected too by having sales folks engage without a solid understanding of the customer needs, challenges, drivers, roadblocks and decision-making process. Most importantly, the customer has yet to begin to align their needs to the solution the rep is promoting. This leaves the customer feeling like they are being sold and that their true interests are not being taken into consideration.

When marketing takes all these factors into consideration, the issue emerges about the cost and affordability of passing underqualified leads to sales. Responders and event attendees should be considered underqualified if they have not given any indication to aligning their true needs to your solution. If that alignment is not there, then sales will have to exhaust considerable effort to gain traction with that lead.

With marketing being the key to most net new business, it is critical that marketing adhere to a strict regimen to ensure *only* sales-aligned opportunities are funneled to sales. The costs of developing an opportunity to a level of qualification that enables sales to be successful should be part of marketing's expenditure. When underqualified leads are passed prematurely to sales the expenses start to increase exponentially as sales, operations and most importantly, the customer are affected.

Global Technology Sales Solutions developed and patented our DNA Demand Generation™ process that enables marketing to develop business opportunities that help sales retire quota. It is a customer-centric process that encourages the customer to begin to take the journey of aligning their needs to your solution.

We are customer acquisition and expansion experts for the technology industry. Our DNA Demand Generation™ process can help increase conversion rates by as much as 300% compared to traditional lead generation. To learn more, visit us at Global Technology Sales Solutions, [www.GTSalesSolutions.com](http://www.GTSalesSolutions.com). We are serious about results.

# Our Services

Our DNA Demand Generation™ Process can be applied across a wide range of sales and marketing activities as an integral supplement and catalyst within your existing business development ecosystem. Our process is designed to help accelerate conversion rates and improve the alignment between sales and marketing.

We provide a complete solution set comprised of best-in-class people, process and technology.

## Our services include:

- **Sales, Marketing and Business Process Outsourcing & Optimization**
- **Cloud Based CRM and Channel Management**
- **Business Intelligence & Customer Knowledge Data Mart Development**

# How To Learn More

Our experienced consultants are all seasoned executives who have extensive experience driving sales and marketing campaigns for some of the largest technology companies in the world.

Let us help you attain quota on-time by accelerating revenue and conversion rates, and to get your marketing and sales organization on the path to closer alignment.



**Global Technology Sales Solutions**

(888) 549-4877 (GTSS)

Info@GTSSDNA.com

[www.GTSSDNA.com](http://www.GTSSDNA.com)