GreatDemo!

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Success-Ready Leads:
A Provocative Definition of "Qualified Lead" Based on Customer Success Parameters
– and Its Impact on Presales, Sales and Customer Success

Here's a novel idea: Front-load your pipeline with prospects that are most likely to succeed!

How? Consider filtering and qualifying prospects based on *expected outcomes* – how closely do prospects compare with existing customers who are happy, referenceable, and renew and expand?

Why should we contemplate this change? Ask yourself,

- How many overview demos are presented to prospects who are a bad fit for your software?
- How many deep-dive demos are prepared and delivered to poor fit prospects – even *after* the initial demo/Discovery conversation reveals the risks?
- How many POCs have been run with these prospects as well?
- How many poor fit prospects convert into paying customers who then struggle with implementation and adoption, and fail to achieve their desired value gains?
- How many customers purchase, but never expand? If "Land and Expand" is a key sales strategy, this means you've expended all of the customer acquisition costs but never capitalized on the higher-leverage Expand part of the equation.
- How often are presales and customer success staff brought in to try to "save" a customer who doesn't plan to renew?
- How much of this time and energy could be been applied to prospects with a better fit – yielding happy, referenceable customers who sing your praises, renew and expand your footprint?

BANT and Similar

Many organizations define a "Qualified Lead" in terms of BANT or similar assessment:

B = Budget – does the prospect have budget allocated for this?
A = Authority – is this person making the buying decision (or is a member of the buying committee)?
N = Needs – are there defined needs (that we can address)?
T = Timeline – is there a defined timeline for this project?

While there are other qualification acronyms and methods employed by vendors today, most are similar to BANT and focus on similar parameters designed to "rule-in" or "rule-out" prospects. See this link for a good definition of BANT and a slightly better alternative, as examples.

[What do you use in your organization as the definition of a Sales-Ready Lead?]

These are traditional methods of defining a Qualified Lead or Sales-Ready Lead. They seek to avoid "wasting" salespeople's time with prospects who aren't in an active buying process – but they don't differentiate between prospects who will be likely to succeed with your offerings vs. those who will struggle, consuming sales, presales, implementation, support and customer success resources – and are less likely to expand your footprint.

In the worst cases these customers may end up unhappy, poisoning your reputation as actively *negative* references.

[Has this ever happened at your company?]

Better Than BANT

In the ongoing quest to improve the quality of leads as they move through the sales "funnel" we proposed and tested the idea of a Demo-Qualified Lead or Demo-Ready Lead as a superior method of filtering prospects – particularly prior to investing sales and presales resources in preparing and presenting any *substantive* demo. (See our article on Vision Generation Demos for an elegant method of satisfying prospects' desires to see a demo, while moving prospects into a Discovery conversation).

For Great Demo! practitioners, a Demo-Ready Lead is measured by having a complete (or reasonably complete) Situation Slide. Studies with two Great Demo! customers showed success ratios of 6:1 in one case and 10:1 in another – where the ratio is "Closed Business with Complete Situation Slides : Closed Business Based on BANT". Pretty impressive!

Further, the Great Demo! Situation Slides definition of a Demo-Ready Lead *also* includes one key customer success element: Value Realization Events. These are small or early "wins" accomplished by the customer after Go Live and represent a conscious effort on the part of the vendor to understand and ensure that customer success criteria are identified in the Discovery stage.

This is a major move in the right direction – but we believe we can do better…!

[What do you use in your organization as the definition of a Demo-Ready Lead?]

A Provocative Alternative – a Success-Ready Lead

Here's an alternative perspective: Base your definition of "Qualified Lead" or "Sales-Ready Lead" on customer success parameters. After all, that's what you should be aiming for: happy, successful customers who love you, love your software, and sing your praises (to other, similar customers)!

Think about your current successful, happy customers. What are the common attributes that could lead to a good definition of a Success-Ready Lead? Here are some parameters to consider:

Is the prospect's size, market or vertical one that is well-served by you?
- Is it one of your success "lanes"?
- Is it an adjacent lane? And if so, is this a lane you want to pursue?
- What level of Churn does this lane typically exhibit (vs. other lanes)?

Revenue (or margin) per customer – how profitable are customers in this lane (vs. other lanes)?
- Will more of these customers improve your margins substantially or not?
- Is there an opportunity cost in servicing these customers vs customers in other lanes?
- Do you have an understanding of the lifetime value of customers in this lane vs. other lanes?
- Customer retention cost – how much are you spending to retain current customers in this lane vs. other lanes?
- Product cost – how much are you investing in product development to support this lane vs. other lanes? How does the ROI compare?

Expansion expectation – along similar lines, do customers in this lane tend to grow and expand your footprint?

Is the problem/solution set articulated by the prospect a good fit for your software solutions?
- To what degree? "Percent Fit" might be a good measure, for example.
- Have other customers with similar problem/solution sets been successful? Again, to what degree? "Percent success" might similarly be a good measure.
- Churn in association with Percent Fit could be another measurement as well.

Success Criteria fit – has the prospect defined their own success criteria and how well do they match your track record?
- Again, a Percent Fit measurement might be appropriate.
- Churn again, ditto.

Customer culture – are they an Early Adopter, Technology Adopter, Early Majority, Late Majority or Laggard?
- Which of these have enjoyed successful implementation with your software?
- Which of these have not – and what has been the result (and the impact on consumption of your resources, your reputation, the ability to engage other prospects, serve other customers, etc.)?

Time-to-value and implementation timeline – how long do customers in this lane take to "go live" and to begin to gain value vs. other lanes?

Referencing – do customers with these attributes agree to serve as references? Do they present their work at your Users' Group Meetings?

Discovery Conversations Provide Insights – and Many of the Answers

Think about your Discovery calls with prospects: what questions and answers tell you that this prospect is a good fit or not? For example:

- Is the contact a member of the prospect's executive leadership? This may indicate that their assessment of the importance of the project is high – and suggests an improved likelihood that this executive may drive the project through to success.

- Did the contact use your software successfully at a previous company and now wants to implement it at their new organization? This suggests that many of the criteria in the previous section may already have been met…

- Did the prospect indicate that another company (one of your current customers) recommended your offering to them? While not nearly as strong as a first-hand reference, this is also a good starting point.

- Does the prospect have a defined buying team – how many players are on the team and what are their responsibilities? The larger the team, the more possibility for distractions, diversions, derailing, delays and disaster…!

- Does the prospect have experience – and success – in implementing similar software? Again, this would be a good indicator.

- Is the prospect's culture consistent with your customer success profile? Size? Market or vertical? Other lane parameters?

- How closely does the prospect's articulated needs (and wants) align with your offering? 50%? Not so good… 70%? OK, maybe… 80%? Better. 90% or above? Nice…!

- How do the prospect's expectations of implementation timeline and time-to-value compare with your typical, successful customers?

Defining Your Success-Ready Lead

A great way to accomplish this is to gather some of your senior sales, presales, implementation and customer success team members to:

1. Identify the key parameters of successful customers, along the lines in the previous two sections.
2. Choose a method of quantifying or scoring these parameters – a profile approach can be very useful.
3. Identify thresholds for qualification levels – e.g., "Great", "Good", "Risky", and "Nope" based on the aggregate scores.
4. Frame qualification and Discovery questions to enable this information to be gathered from prospects early in the engagement process.
5. Implement and refine.

For Great Demo! practitioners, an excellent starting point is to review Situation Slides (and associated Value Realization Event elements) for your most successful customers and compare them with those that have not expanded, struggled, or failed. This will help you rapidly kick-start this process.

Rule-In the Best; Rule-Out the Worst

These criteria enable you to assess and qualify prospects based on prospects' likelihood of achieving success. Additionally, with a Success-Ready Lead approach you don't risk "disqualifying" serious prospects who don't meet one or more of the BANT criteria:

- Do they really *need* to have budget allocated for all projects? Many projects are funded *without* ever being budgeted – if they are deemed sufficiently important.
- If the prospect contact has been delegated to "explore solutions" by the decision-maker or buying committee, he or she may not have the "authority" required by BANT, but still represents a real opportunity.
- The prospect's understanding of their needs may be incomplete – they are often unaware of the full range of problems they face or the breadth of solutions available.
- The timeline may also be in an early stage – too early to satisfy BANT, but it could mature into an active buying process through Vision Generation and Discovery conversations.

Prospects that have poor fit with your Success-Ready Lead criteria can be disqualified – or nurture-marketed until either they change or your success criteria and/or acceptable lanes change.

GIGO – "Garbage In Garbage Out"

GIGO: The quality of output is determined by the quality of the input.

This old saying is (sadly) directly aligned with current qualification methods in many companies. In the quest to generate leads (by marketing), move those leads to Sales-Ready status (by SDRs and BDRs), and transition those prospects through Discovery, demos, and POCs, (by sales and presales), there has traditionally been a focus on quantity first, quality second.

The customary sales "funnel" is the evidence of this thinking – more leads at the top should yield more closed business at the bottom. And while this is (partly) true, the real picture shouldn't be perceived as a funnel, but perhaps as a series of pipes. Prospects with good "fit" will move more smoothly through the pipes, but prospects with poor fit clog the plumbing, requiring more effort to clear the blockages – while holding back the good fit prospects.

In the world of moving liquids through channels, we avoid clogs by placing filters ahead of the channel entrances – filtering your prospects by Success-Ready parameters should enable a steady flow of good fit prospects through your sales and implementation conduits into pools of happy, successful customers.

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