

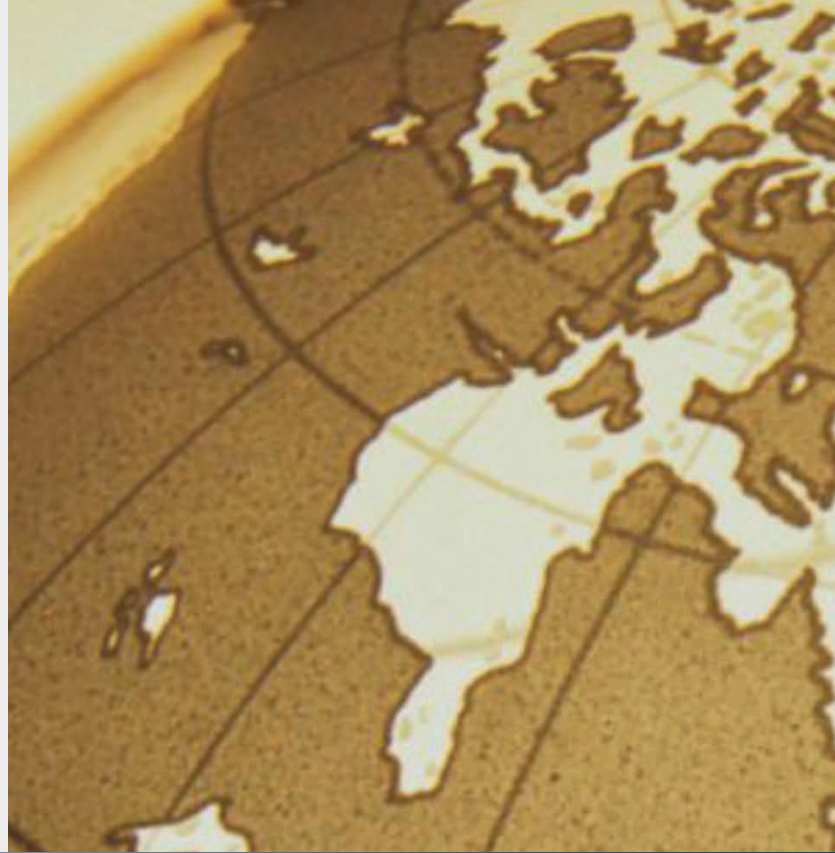


The Rise of the Demand Generation Agency

By **Scott Benedetti**

Director of Demand Generation & Sales Operations

The Pedowitz Group



The Rise of the *Demand Generation Agency*



Table of Contents

Introduction	Page 3
What is a Demand Generation Agency?	Page 4
Traditional Agencies Defined	Page 5
Why Outsource with a Demand Generation Agency	Page 6
Selecting a Demand Generation Agency	Page 9
Summary and Conclusion	Page 10
About the Author and The Pedowitz Group	Page 11
References	Page 12
Glossary	Page 13



Introduction

This paper clarifies the definition of a new kind of marketing agency, the Demand Generation Agency. It provides additional support for a growing trend among executives pressured to drive top line revenue: selecting and outsourcing revenue-specific demand generation to these new agencies.

It is a buyer's market! Rapidly evolving technologies, the conflux of transparent information, the hyper-influence of Social Media, Web 2.0 technologies and a growing mobile capability continue to enhance the power of the buyer.

Sellers are racing to adjust. Unfortunately, we continue to discover that most sales and marketing departments remain operationally misaligned. Their people use minimally effective methods and systems while simultaneously trying to drive revenue and attain quota. The workload for individuals is immense and in most cases unachievable, as are their targets.




Not only are sales and marketing unable to find the time to fix inadequate process models, they are finding it difficult to learn and undertake a completely new and significantly different set of skills. The result: sales teams miss their revenue numbers and marketing departments fall short of their demand generation targets.

Minimally effective sales and marketing executives address these revenue-threatening challenges by doing more of the same: more emails, more trade shows, more webinars and more cold calls.

Proactive sales and marketing leaders are deploying comparable process improvements, training and technologies. Others are accelerating the time to competitive advantage by turning to specialists: the Demand Generation Agency.

“Best in class ...were two times more likely than all others to leverage automated technology as an enabling component to superior process and organizational culture.” [\(Michiels 2010\)](#)

Definition of Maturity Class	Mean Class Performance
<p>Best-in-Class: Top 20% of aggregate performance scorers</p>	<ul style="list-style-type: none"> ■ 79% improved company wide annual revenue growth; average performance increase was 59% ■ 74% improved click-through rate on e-mail; average performance increase was 23% ■ 82% improved annual growth in customer acquisition revenue, average performance increase was 51% ■ 75% improved current lead to sales conversion, average performance increase was 23%

-  **What is this new type of marketing agency?**
-  **How can they accelerate the revenue acquisition strategy?**
-  **How do you select a demand generation agency?**

What is a Demand Generation Agency?

The Demand Generation Agency *delivers consistent revenue achievement by optimally deploying sales and marketing technology, aligning sales and marketing and improving their customer acquisition processes.*

CMO's are integrating online performance marketing, consumer data and analytics, lead generation and management, and performance measurement into their traditional marketing strategies.

This move comes at an important time. In the coming year, 46% of marketers plan to invest in digital demand generation and online relationship building.

[\(Shapiro 2010\)](#)






A true Demand Generation Agency (DG Agency) stands out among the myriad of traditional agencies vying for a similar title. Their foundation is typically one immersed in process improvement, Web 2.0 technology and an extensive sales and marketing subject matter expertise.

Leading DG Agencies know how to examine and improve sales and marketing methods, models and processes, such as the selling and buying processes, the demand creation and conversion processes and often customer service processes with forethought to deploying sales and marketing technology.

The combination of technological circumstances that enabled buyers can also empower sellers. These new agencies specialize in optimizing interactive technologies like marketing automation, customer relationship management and social media so organizations can establish and build *individual* digital relationships that result in revenue.

The DG Agency knows that a transformation this extensive is only successful when the people responsible for execution are motivated to learn, elevate their skill-sets and increase their knowledge of best practices. Not only does the DG Agency employ experts in facilitating change, they also are experienced in transferring that knowledge to build self-sufficient clients.

Key Characteristics of a Demand Generation Agency:

-  Obsessed about improving metrics and contribution to revenue
-  Focused on improving process and sales/marketing alignment
-  Deploys technology, tools and tactics into drive revenue results
-  Concentrates in enhancing people's skill-sets and knowledge
-  Drives innovation and measures success through customer success

Traditional Agencies Defined

Many traditional marketing agencies, like those defined below, are claiming to be DG Agencies but they are most likely starting out by adding the skills to deliver technology. It will take a considerable amount of time to acquire the experiential knowledge and subject matter expertise to facilitate the full demand generation transformation.

The Forrester report, “The Future of Agency Relationships,” discusses the reinvention of agencies. “Traditional agency models are currently in a mad rush to add key skill sets, technology products and new services to offer demand generation “like” capabilities.” (Corcoran 2010).

Creative Agencies work with client marketing departments, and often other agencies, to develop creative content that fulfills a brand communication strategy.

Media Agencies focus on planning and buying media for clients to effectively spend their marketing communications budgets.

Digital (or Online) Agencies operate very similarly to offline agencies and often have a specialty or strength in media, creative, search engine marketing or website-building services. Their specialties typically cover digital mediums.

Search Agencies almost exclusively work on improving the discovery of clients’ online properties using search engine optimization (SEO) methods.

Integrated Agencies often have a range of marketing disciplines in-house and offer individual or services packages.

Direct Marketing Agencies deliver strategic and creative using “direct” marketing channels with measurable response. Direct channels might include direct response TV, radio, direct mail, inserts, door-drops or online advertising.

Branded Content Agencies provide a niche “advertising” method in which they help make brand recognition synonymous with popular culture or focus on creating and building brand loyalty.

Brand Experience Agencies execute “experiential marketing” events that connect consumers and brands that build a more personal brand loyalty as a result of a memorable experience with that brand.

For more than a century, marketers have turned to advertising and marketing agencies for both strategic and tactical support.

Today, marketers tell us that their agency relationships have devolved into a web of confusion. Even leading advertisers struggle to distinguish one set of agency capabilities from another, and they invest too much time and too many resources to coordinate multiple complex relationships.

We have reached a level of complexity in which the agency model is breaking.

(Corcoran 2010)

Why Outsource with a Demand Generation Agency?

Accelerate Time to Results

Companies outsource demand generation for the same reasons they outsource payroll, information technology, creative, advertising, etc. Outsourcing allows you to focus your resources on important strategic initiatives.

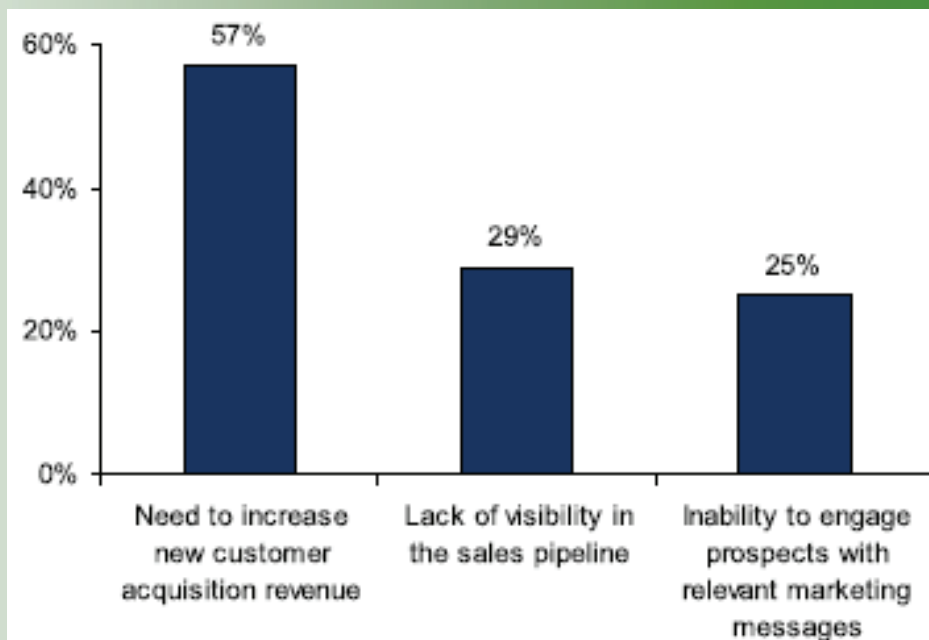
A growing number of companies now hold marketing accountable for revenue contribution or quota, in many cases for the first time. They often shoulder this responsibility by sporadically increasing classic lead generation efforts like email blasts, shows, advertising etc. Some turn to their traditional agency relationships and find they too are not demand generation ready.

The sales department, familiar with the pressure of a quota, usually obtains head count and instructs them to execute any and all brute force prospecting tactics. Sometimes they hire external resources like telemarketing firms to supplement the lead funnel. Both scenarios result in people with minimal product familiarity making an inordinate amount of ineffective cold calls and identifying a number of questionably qualified leads.

A Demand Generation Agency stands ready. Their primary competency is improving their staff's demand generation competency, their knowledge base of strategic best practices and the ability to execute efficiently on their client's behalf.



Pressures Driving Automated Lead Management Investments (Aberdeen Group 2010)



Their number one priority is executing tactics that successfully generate revenue on your behalf, faster than you could do it internally. Consider the cost and length of time it would take to hire, train and ramp similarly experienced personnel.

Companies need a solution that accelerates revenue growth, increases market share and builds competitive advantage.

Hiring a true DG Agency is a strategy that accomplishes that objective.

Why Outsource with a Demand Generation Agency? Cont.


Sophisticated Marketing Technology and Process Complexity Requires Specialized People

Far too often, we see companies purchase sophisticated marketing or sales software only to use a small percentage of the available functionality. Other times, the marketing department cannot devote adequate resources to technology deployments or demand generation efforts. Sadly, we find that sales departments are rarely motivated to adopt the paradigm.

Consider the pace of change and multitude of choices faced by marketing and sales professionals in recent years. The advanced complexity of sales and marketing technology and process change is forcing traditional sales and marketing people to acquire new, more technical skill sets. These pressures stress the effectiveness of business processes and the people that execute them.

The problem CMO's face with mastering technology, and with the Internet is very simple: There is so much going on simultaneously and things change so quickly that no one, absolutely no one, can know everything that's going on.

[\(Dan 2010\)](#)



Typically, companies invest time during the technology evaluation to confirm lots of bells and whistles when, in fact, it is the people and the process improvements that will determine the success of the technology. Marketing technology is not only about automated email campaign delivery and response – it is about changing the operational methods by which marketers and sales run their organizations. It includes a requirement for sales' adoption and active participation as well as marketing's commitment to deliver. It naturally promotes the alignment of sales and marketing staff — creating a team pursuit of revenue that we call a Revenue Marketing Practice™.

The traditional agency's response has been to adopt email-marketing technology as a services offering but they are failing to support the complete transformation that a successful demand generation effort requires. No single entity is more adept at bringing these three elements (process, people and technology) together than the Demand Generation Agency.

This level of complexity clearly supports outsourcing part or all of the demand generation effort as a viable option. In some cases, it is almost an imperative so that companies get their share of the top talent specifically experienced in demand generation techniques.

Why Outsource with a Demand Generation Agency? Cont.

Build a Business Case for Outsourcing






Historically considered a low-cost alternative, outsourcing is now the most popular way to supplement resource shortfalls. In the case of marketing, building a business case may be as simple as analyzing and realigning technology and agency spend. Sometimes it includes projections after creating a lift in the conversion metrics.

Because Demand Generation Agencies focus on metrics, you may be able to look to your current methods of measurement and identify the revenue opportunity by improving those metrics or metrics that you will be able to report on after implementing Web 2.0 technology like marketing automation.

A cost-savings business case is not enough to justify demand generation outsourcing. As you build your business case, remember the value in the relationship is expertise, knowledge transfer and, ultimately, DRIVING REVENUE. Remember the points discussed in this paper!



Why Partner with an Outsourced Demand Generation Agency:

-  **Accelerate Results: A DG Agency can deliver results quicker; supported by metrics and revenue**
-  **Time: Your resources work strategically; your DG Agency delivers skilled resources that would take you years to hire and ramp up**
-  **Complex Skills: The increasing sophistication of marketing technology and process change requires increasingly specialized people**
-  **Buying Model: You've likely outsourced services before, which is lot simpler than figuring out the technologies that support demand generation**
-  **Knowledge Transfer: A DG Agency already knows the practices, processes and methodologies required to succeed**

Selecting a Demand Generation Agency

Transfer Execution, Not Responsibility








These new initiatives, marketing technologies and agency outsourcing decisions most likely fall under the domain of the Chief Marketing Officer or Vice President of Marketing for most companies.

We assume that you will eventually seek the guidance of a demand generation agency; you may even consider outsourcing some or all of your demand generation effort.

When you do, it remains the hiring company's responsibility to provide specific industry expertise and project direction. If you empower a proactive project team, regularly communicate and maintain oversight, you can expect the best from your people and your agency.



Selection Criteria for Demand Generation Outsourcing:

-  Check references: Confirm their domain expertise and client satisfaction
-  Confirm there a demonstrable, proven commitment to customer service and support
-  Confirm technological skills in marketing automation, CRM and Web 2.0
-  Do they have exemplary people with sales and marketing subject matter expertise
-  Confirm their knowledge transfer processes and customer training credentials
-  Ask how they define and document best practices, processes and methodologies
-  Ask them to show successful client project metrics and project return on investment

Summary and Conclusion

In our ever-growing competitive environment, executives must take full advantage of the tools and resources at their disposal.

When marketing achieves demand generation results, they earn a revenue respected “seat at the CXO Table.”

The transformation from traditional lead generation marketing to Revenue Marketing™ requires significant effort and dedication.

The journey can be simplified and the transformation accelerated by partnering with the demand generation agency that takes into consideration the improvements of the people, processes and technology.

Outsourcing all or part of your demand generation efforts can be a key strategy that helps you achieve revenue objectives, gain competitive advantage and capture market share.

Remember that a positive experience with the right partner will transform your sales and marketing departments so they successfully fulfill their revenue obligation for many years to come.



How will you quickly scale to fill the lead funnel and sales pipeline and achieve revenue goals?



How will you achieve marketing agility and sales velocity as the dependency on complex technology grows?



How do sales and marketing teams come together to accelerate time to revenue?



How do you upgrade people’s skill sets and deploy new, best practice processes without missing revenue targets?

“Lead management automation requires a degree of process maturity many business to business firms don’t possess, resulting in underachievement by vendors and users alike. Yet the benefits of adopting lead management automation are clear: B2B marketers that successfully carry out lead management practices enjoy more predictable conversions, faster sales cycles, and real alignment between marketing activity and sales results.”

(Ramos 2009)



About the Author

Scott Benedetti authored this paper while holding the position: director of demand generation and sales operations at The Pedowitz Group. This role included campaign design, execution and management, as well as operational responsibilities for marketing automation, customer relationship management technology and web property development. Scott's current role is: director of sales and business development.

Contact:

scott@pedowitzgroup.com



During the prior two decades, Scott was a successful sales and marketing professional with considerable experience in the enterprise software space. During the most recent decade, Scott had the pleasure of executing multiple simultaneous roles as a sales and marketing professional, CRM — marketing automation evangelist (administrator) and webmaster.

About The Pedowitz Group

The Pedowitz Group (TPG) is the world's largest full-service demand generation agency. With a focus on delivering marketing and sales automation solutions, TPG drives sustainable revenue and return on investment for global clients. TPG helps clients create and execute demand generation strategies and tactics that generate top line revenue. TPG coined the phrase Revenue Marketer® in 2009 and it is now a registered trademark of the company. Services include strategy, program design, system selection, implementation, integration, creative services and outsourced demand generation. For more information on how TPG helps clients become successful Revenue Marketers®, please visit www.pedowitzgroup.com



Copyright © 2011 The Pedowitz Group

Published by The Pedowitz Group, January 2011 – Title: Strategic Initiatives in Marketing Operations: The Rise of the Demand Generation Agency

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the copyright owners.

Revenue Marketer® is a registered trademark of The Pedowitz Group in the United States and other countries. All other trademarks are the property of their prospective owners.

All other brand, company and product names are used for identification purposes only and may be trademarks that are the sole property of their respective owners. Any comments relating to the material contained in this document may be submitted to The Pedowitz Group, 14162 Seabiscuit, Alpharetta, GA 30004 or by email to info@pedowitzgroup.com.

References:

Sean Corcoran, Dave Frankland, and Vidya Drego with David Cooperstein, Michael Greene, and Jennifer Wise for Marketing Leadership Professionals, “The Future of Agency Relationships”, White Paper Forrester Research Inc., March 29, 2010

Avi Dan, “Why Brands Should Embrace Technological Change,” Published January 19, 2010. Available at Advertising Age: http://adage.com/cmstrategy/article?article_id=141478

Ian Michiels, “Crossing the Chasm with Automated Lead Management”, Aberdeen Group a Harte Hanks Company. January, 2010

Laura Ramos, “B2B Lead Management Automation Market Overview”, Forrester Research, Inc. September 22, 2009

Jonathan Shapiro, CEO MediaWhiz, [Performance marketing: The argument for outsourcing](#) , July 13, 2010 Available at: iMedia Connection: Integrated Marketing: <http://www.imediaconnection.com/content/27137.asp>

Debbie Qaqish. 2010. Interview with Debbie Qaqish, CRO at The Pedowitz Group

Acknowledgements:

This paper would not have been possible without the guidance of the leadership team at The Pedowitz Group. My sincere gratitude to Jeff Pedowitz, Debbie Qaqish, Bruce Culbert and Kevin Joyce for taking the time to provide subject matter expertise and editorial guidance.

Glossary:

Demand Generation: The revenue-focused set of activities for both sales and marketing that discovers, identifies and develops high-quality sales leads to fill the top of the sales funnel and helps pull sales opportunities through the sales-buying funnel quicker. (Qaqish, 2010)

Buying Process: It is important that a company map and understand its customer's buying process from pain realization to solution discovery and vendor confirmation.

Selling Process: It is critical to map (not impose) the selling process to the customer buying process to leverage the value of manual and automatic systems, digital assets and personal touch points.

Demand Generation Process: Most companies' demand generation processes focus on the "find them" (prospecting) part of the buying/sales cycle. Leading companies deliver appropriate value messaging throughout the buying and selling processes to accelerate time to revenue.

Customer Process: The customer communications process after the sale can also leverage demand generation tools, continue to build the digital and personal relationship and ultimately increase up-sell and cross-sell revenue.

Marketing Automation: Describes a rapidly emerging category of Web 2.0 technologies designed to improve marketing efficiencies and drive additional revenue through high-quality lead generation, scoring, nurturing, lead funnel and revenue pipeline management.

Customer Relationship Management: refers to applications that help manage interactions with existing and prospective customers by organizing, automating and synchronizing business processes. Initially used by sales, it is rapidly growing to include marketing, customer service and technical support department interactions.