



Metrics that Matter

From the study "The Measurable Contribution of Marketing"



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Introduction

“Tracking, measurement, and metrics are all necessary and inevitable.”

- VP of Marketing, Quote from Interview on the Measurable Contribution of Marketing, June 2008

In late 2008, The Pedowitz Group conducted a study designed to answer the question, **“What measurable contribution does marketing make to the company?”** The study involved conducting 18 one-on-one interviews with demand generation leaders (all VP and Director level), as well as administering an online survey to nearly 200 participants of the Online Marketing Summit (OMS) regional road show. We talked to people in multiple verticals with company sizes ranging from \$20 million to over \$1 billion.

One of the key questions in the study was **“What are you measuring in your lead generation efforts?”** While lead generation has been a key activity for many B2B marketers in the last few years, making it a measurable and predictable science is where the most innovative marketing leaders have taken it to the next. This paper presents the major findings on this topic, detailed in the following sections:

- ◆ The Language of Metrics and Business
- ◆ Metrics & Reporting
- ◆ Time and Technology
- ◆ Table of Metrics

The Language of Metrics and Business

“The biggest challenge is converting metrics into meaningful business information and results.”

In conversations with experienced marketers heading up lead generation efforts, both the language they used and the language they had created across the company was distinctive from other marketers. First, they universally used the language of business, not the language of traditional marketers. They described their contribution to the company (their metrics) in terms of pipeline, opportunities and revenue. They did not talk about how many campaigns they had run or how many hits they had to the website. The metrics they measured and talked about were metrics that mattered to a CEO and communicated in terms the CEO understood and could evaluate.

Secondly, there was no hesitation when we asked them what they measured. They instantly knew their key metrics and they also knew where they were against their targets. They didn’t have to look or pull out a spreadsheet or “go into their system.” Their metrics were top of mind and a driving force for their entire group.

Finally, they had worked hard to create a common language for lead generation and the metrics across the company by working closely with sales to define all elements of lead generation, and by working with senior management to align their metrics to the company goals and quota. Whatever set of metrics these marketers used, they were agreed upon by sales and senior management, and included a global set of definitions, deliverables and expectations from both marketing and sales.

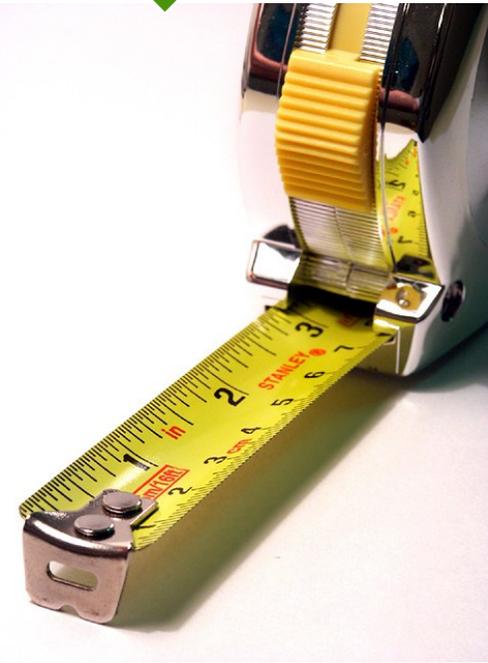


Metrics and Reporting: *What to Measure*

“Never confuse activity with results.”

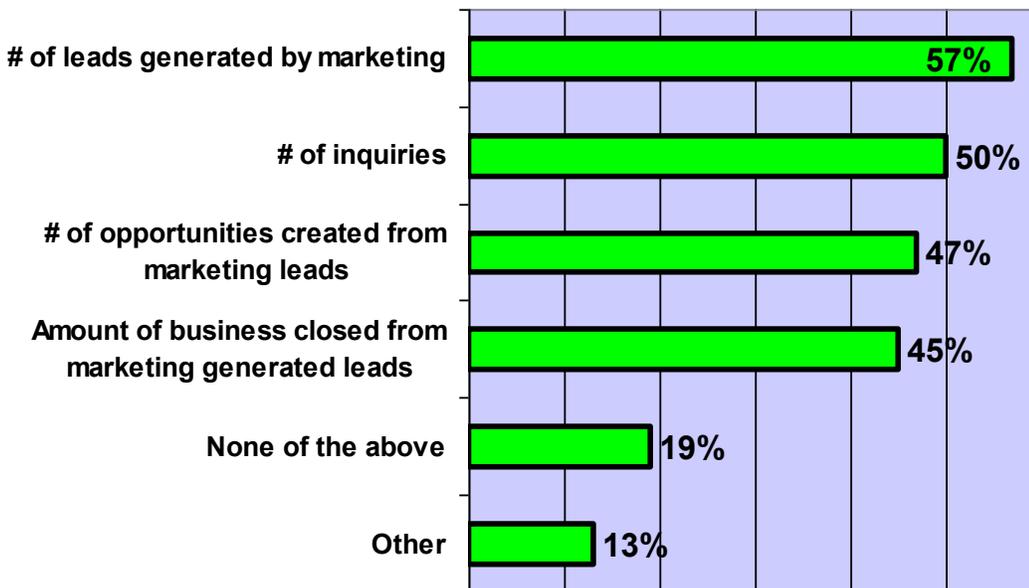
In the study, we wanted to find out specifically what lead generation marketers were measuring, how they were reporting results, and to whom.

Let’s start with *what they were measuring*. The graph below was taken from the results of the online OMS Survey and respondents were able to check all that applied to their lead generation efforts. We offered a simple selection. Much more detail on what marketers measure can be found in the **Table of Metrics**.



- ◆ 57% said they tracked and reported on # of leads generated by marketing
- ◆ 50% said they tracked and reported on # of inquiries
- ◆ 47% tracked and reported on opportunities created from marketing leads
 - ◆ This is a great metric. More and more marketers are taking responsibility for not just giving leads to sales, but ensuring a higher quality lead is passed to sales that will result in a higher lead-to-opportunity conversion rate.
- ◆ 45% tracked and reported on amount of business closed from marketing generated leads
 - ◆ This is exciting! This is where the rubber meets the road for true lead generation. This is what the CEO wants to see!

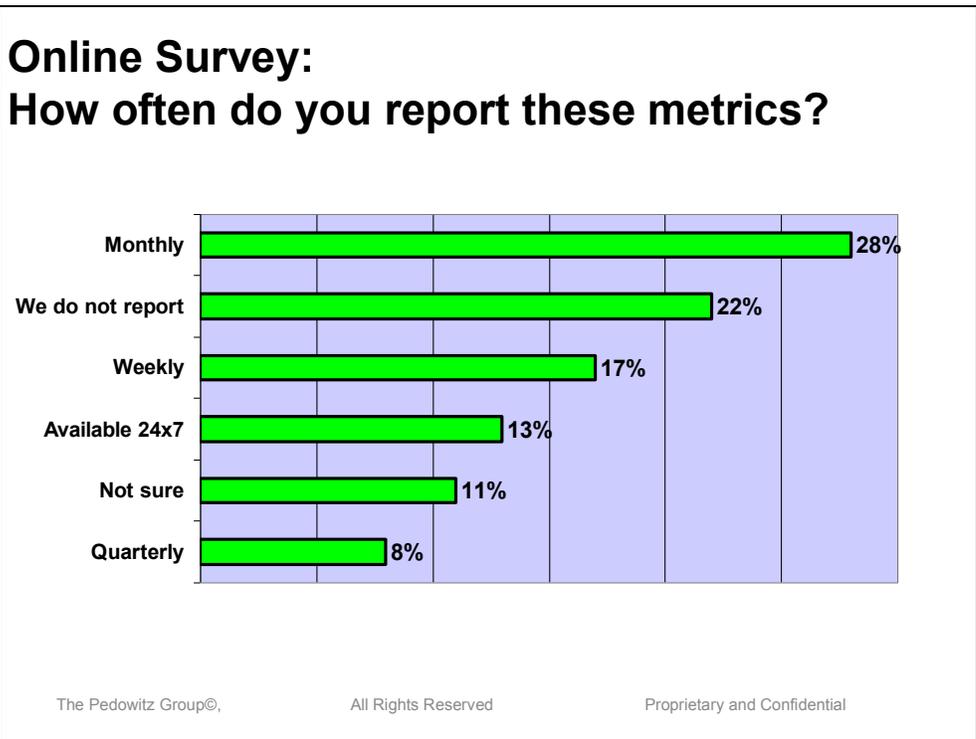
Online Survey: What metrics do you track and report?





Metrics and Reporting: *How Frequently*

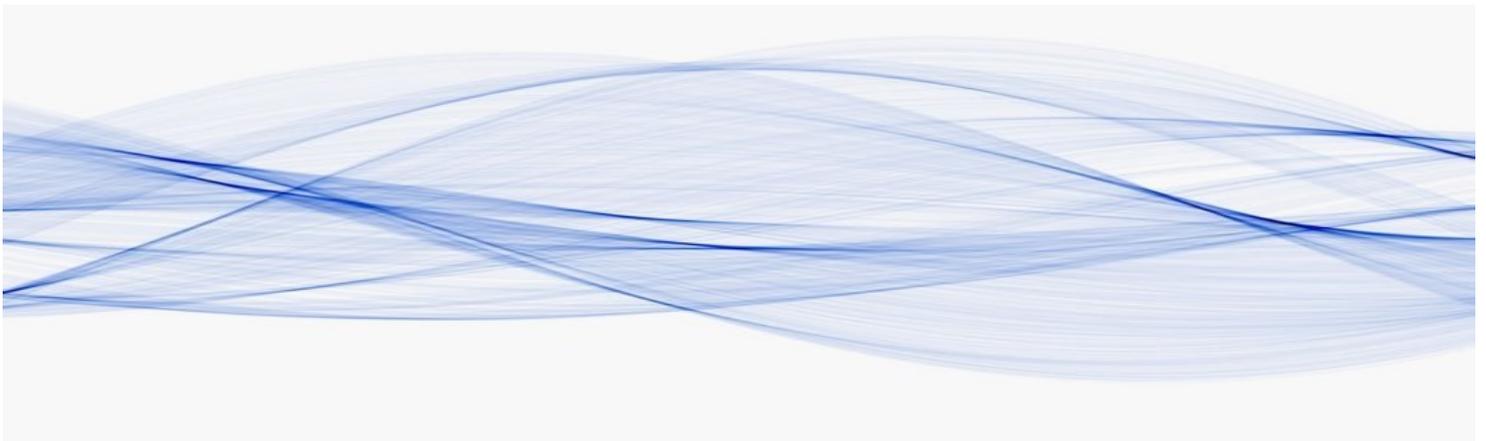
Next, we looked at how frequently marketing reported their metrics. The graph below was taken from the results of the online OMS Survey. A full 68% of the respondents have REGULAR reporting (quarterly, monthly, weekly, 24x7.) In addition, as we interviewed the marketing leaders, they talked about not just reporting numbers, but providing dashboards to the senior management team, just like any other department of the company. We expect this trend will continue.



What to Report?

Frequency of reporting is meaningless if you don't have a baseline to see improvement in your metrics. Create a baseline (even if it is your best guess) for every key metric you will be tracking and reporting. Try to get general agreement on these metrics.

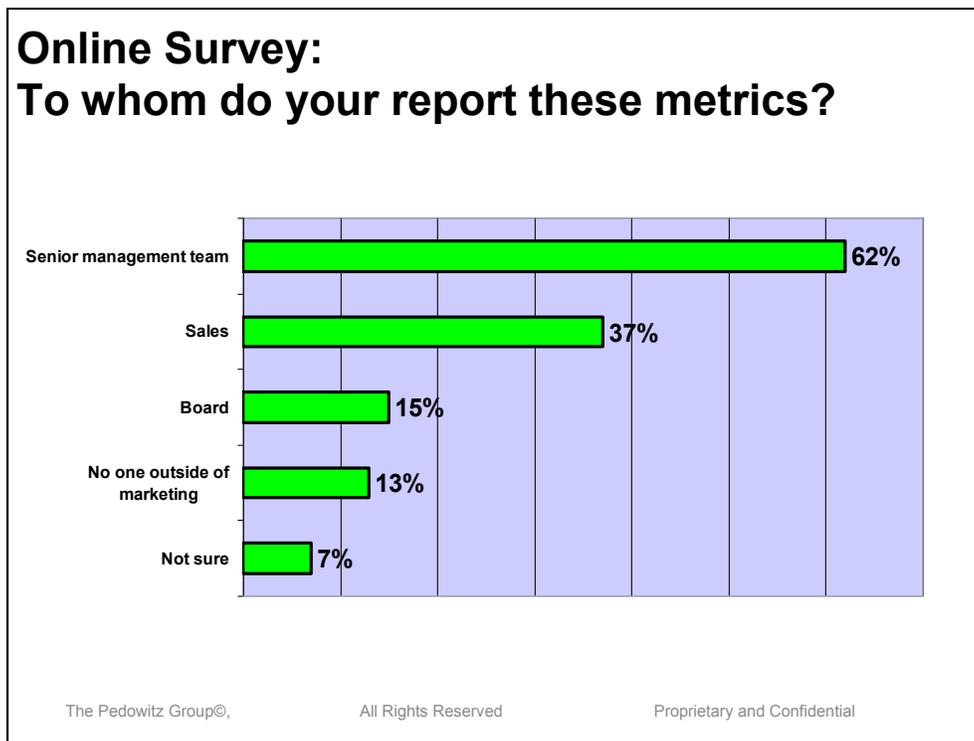
As you begin fully utilize your reporting, you will change what you measure because you will now be able to measure things you could not before. However, in the beginning, start with what you can tangibly and discretely measure. Items such as: # of emails sent, % open, % click-throughs and % effective rate (click-through/open)





Metrics and Reporting: *To Whom*

Finally, for reporting and metrics, we looked at “to whom” these metrics were reported. The graph below demonstrates the results of the OMS Survey and allowed multiple responses. Our first observation from this item is that 62% of the respondents report to senior management. This is a huge shift in the last five years for marketing. In the past, many marketers did not report anything out of their group except for how much money they spent! We expect this trend for reporting business metrics will continue.



Only a Handful of Metrics Matter to Your Leadership Team

While there are many things you can measure, ask yourself - "What does my leadership team care about?" This will help you define the metrics that matter. For example, your CEO could probably care less about how many emails got sent out or the number of opens or even click-throughs. What he probably cares about are the number of highly qualified leads sent to sales as measured by the % of these leads that converted into opportunities.



Time and Technology

"I abandoned early metrics because the business did not care about them. What I measured 2 years ago was a joke."

When we spoke to marketers about *what they measured*, the conversation very often included observations on how *what they measured had changed over time*. As these marketers grew in their sophistication with people and process and as they added key technology elements, their metrics and reporting detail, depth and clarity, and how it related directly to the business, also grew. As a matter of fact, in one section of the study, we asked them "What advice would you give to a new lead generation marketer?" One piece of advice was, "Start with measuring something and keep asking yourself, "Is this the best I can do?" For many of these marketers, this was exactly how they got started on their journey of reporting measurable contribution to the company. Adopting a culture of measurement, and always pushing to find better ways to track, measure and contribute, was a shared theme among all of our interviewees.

Another common theme for the interviewees, real leaders in lead generation, was the use of integrated technologies. They usually had knit together their website with a marketing automation system and a CRM system. When this set of technologies was completely integrated, these were the marketers who could report - in the most detail - on their contribution all the way to revenue. When these two systems were in place, but not integrated, these marketers had good reporting, but still had to use too many manual processes. And finally, when the marketing group had no marketing automation system or CRM system in place, they had the most difficulty with tracking and reporting.



How to use technology to scale Demand Generation

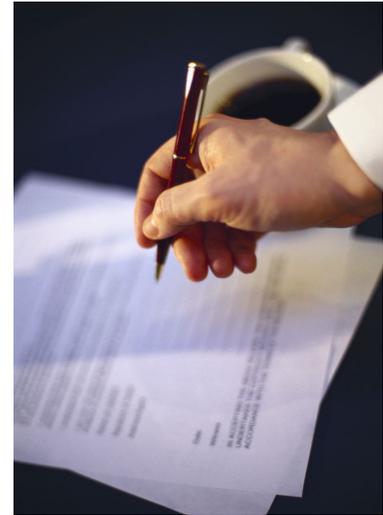
There is no questioning that today's marketing professional is much more tech savvy than previous generations. They can text, blog, engage in social networks, and use the internet in a variety of ways. What they haven't learned how to do is leverage these technologies to build sustainable revenue streams for their companies. Marketers tend to overuse email at the expense of other channels and miss opportunities to engage with their prospects and customers in a meaningful fashion. Instead of using technology to scale, many marketers spend their days in hand-to-hand combat, performing a variety of key tasks manually. This is very inefficient and slows top-of-the-funnel growth. The first thing marketers need to do is build processes that can source leads from a variety of channels. These processes should include target profile, messaging, scoring, routing, follow-up, management, and disposition. Once these processes are in place, marketers can then select and use technology to drive demand. The most successful marketers leverage an ecosystem to drive a continuous flow of leads. There is no silver bullet. By building a variety of acquisition channels, marketers can more predictably grow their business.



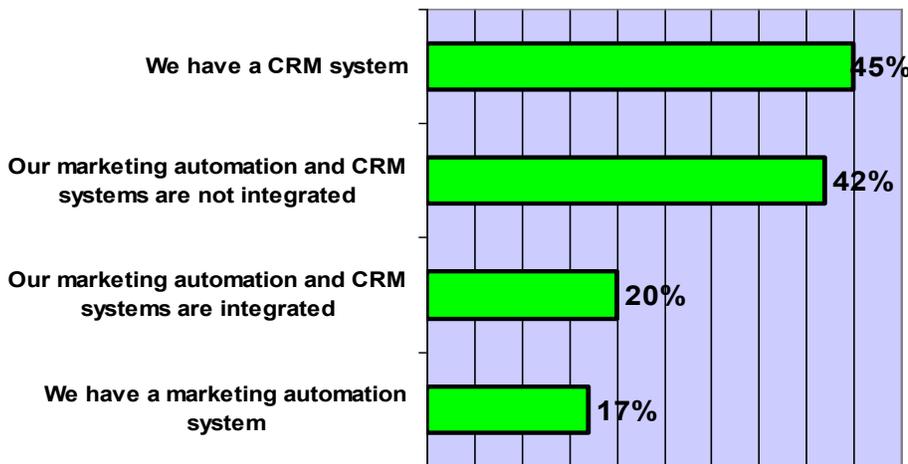
Time and Technology: *Systems*

Here are the results of which type of systems participants used including CRM, marketing automation, and integrations between the two. We believe the use of these technologies will grow dramatically in the next two years.

- ◆ 45% reported having a CRM system
 - ◆ This was a surprisingly low percentage for a B2B organization
 - ◆ 42% reported not having an integration between their CRM and marketing automation system
 - ◆ Only 20% reporting having an integration between their marketing automation system and their CRM
 - ◆ This indicates that it is still early days in the adoption and use of key technologies to drive business results.



Online Survey: Systems



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Conclusion

As our opening quote points out, *“Tracking, measurement, and metrics are all necessary and inevitable for marketing.”* Embracing this as a change and a new competency is required for success today as a B2B marketer. It requires rethinking what you can contribute to the business, understanding the skills required and the technologies required, and then re-knitting your efforts so that you are making a measurable contribution to your company.



Table of Metrics

“Everything we measure and track is about how many leads we need to get the revenue that we need.”

This Table of Metrics was compiled based on the interviews completed in this study, as well as conversations with other marketers. It will help you begin to determine the various metrics you might report to define your contribution to the company. If you’re already in early stages of reporting, it can be a guideline to improve your own metrics.

Inquiries	Leads	Opportunities & Closed Business	Conversion Ratios	ROI & Costs
# of Inquiries	# of Leads	# of Opportunities Created	% of Lead to Marketing Qualified Lead	Overall Marketing Contribution to Revenue from all Channels
# of Suspects	# of Marketing Qualified Leads	# of Deep Pipeline Opportunities	% of Leads Accepted by Sales	Return on Marketing
# of Responses	# of Sales Qualified Leads	% of Pipeline Contributed by Marketing	% of Leads to Sales Qualified Leads	ROI by Channel – Which Channel Creates the Most Revenue
# Targeted in Campaigns	# of Raw Leads	Dollar Value of Opportunities Contributed by Marketing	% of Marketing Qualified Leads to Sales Qualified Leads	Cost Per Lead
# of Connections	# of Qualified leads	# of Deals Closed from Marketing Contribution	% of Leads to Opportunity	Cost Per Marketing Qualified Lead
	# of Leads by Source	Dollar Value of Deals Closed from Marketing Contribution	% of Marketing Qualified Leads to Opportunity	Cost per Sales Qualified Lead
	# of Leads Qualified by Inside Sales	% of Total Revenue from Marketing Contribution	% of Sales Qualified Leads to Opportunity	Cost per Opportunity
	# of Leads Required for Sales to Meet Monthly Quota	# of Opportunities from Brand New Prospects	% of Leads to Close	Cost per Campaign
	# of Leads Passed to Sales			Cost per Channel
	# of Leads from Brand New Prospects	Dollar Value of Opportunities from Brand New Prospects		
	# of Leads from Current Customers	# of Opportunities from Current Customers		
	# of Touches to Create a Lead, a Marketing Qualified Lead	Dollar Value of Opportunities from Current Customers		

Debbie Qaqish has enjoyed 30 years of business success as a sales and marketing executive in software and technology companies. She has been at the forefront of the Marketing Automation phenomenon, first as a beneficiary, and now as advocate and expert. Debbie is recognized nationally as a thought leader and innovator in the Marketing Automation arena.

Debbie is the Chief Revenue Officer and Principal Partner at The Pedowitz Group, a premier demand generation agency. The Pedowitz Group delivers software and services specifically designed to create, manage, automate, and optimize Marketing and Sales efforts utilizing Marketing Automation and Customer Relationship Management technologies.