



**Effective Pipeline Management:  
You Cannot Manage What You Do Not Measure**

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Back when budgets were larger and the key goal was to “get big fast”, marketing efficiency wasn’t so important. Companies spent lots of money on marketing, never knowing what activities brought in customers and revenue, and what didn’t.

Today, with marketing budgets limited...and customers’ budgets even more limited, you must squeeze the maximum benefit from each marketing dollar. In our article [Marketing on a Budget](#), we discussed the need to test each marketing initiative to ensure maximum ROI.

The marketing organization must work arm-in-arm with the sales organization to achieve success. Only by tracking prospects through the selling process will the organization know whether it is attracting the most profitable prospects. Sure, the marketing organization can claim that 4,678 prospects received direct mail pieces last month, and of those, 12.3% had a discussion with the sales organization. But only the sales organization can provide the feedback that of these, 82% were looking for a product with different features, or that 65% needed international support capabilities not offered by the company.

Marketing and sales must work together to ensure a constant flow of information such as this so that marketing investments can be tweaked to improve the eventual close and success rates.

In so many companies, marketing and sales are at odds with one another...each blaming the other for dismal corporate performance.

*If only the sales organization could close a prospect...*

*If only the marketing organization could deliver us live prospects...*

In many more companies, the two organizations coexist, but don’t work together...and as a result, the company cannot be successful.

There’s no magic elixir that will get the two organizations to work together...however, we’ve found that by giving the two organizations a common goal and structure for achieving their goal, they indeed will work together.

The goal is simple – higher revenues and customer profitability.

The structure is also pretty simple – a series of measurements along the sales pipeline...the key is to select the right measurements, to actually collect the information on a regular basis, and then modify the marketing and selling activities to positively influence these metrics.

We established the following metrics for one client:

- # of prospects into the sales pipeline
- Source of prospect (advertisement, direct mail, call-in, web, referral, repeat customer, etc)
- Date prospect entered sales pipeline
- Cost of each acquisition activity, where possible. (for some sources, such as PR and the web, the cost per prospect was estimated).
- # of prospects talking by phone with sales person
- # of prospects meeting with sales person
- # of prospects meeting with sales team
- # of prospects requesting next step (initial quote, proposal, etc)

These metrics must be tracked as the prospect moves through the sales pipeline. Basic sales force automation systems can provide all of the tracking necessary...but the information must be put into the system!

Using this methodology, we identified for one client that their likelihood of closure dropped by 75% if they waited more than 7 days to call a prospect once an initial contact was made. For another, we found that an inexpensive multipart post card direct mail campaign brought significantly better results than an expensive advertising program. For a third, we were able to show that a new value statement yielded far higher interest and sales activities.

In addition, this methodology allows both marketing and sales management to manage their activities more intelligently. The marketing organization will be able to evaluate expenditures in public relations or trade shows, rather than just guessing that these are “good things to do.” Similarly, the sales organization will be able to evaluate the performance of the sales people on behaviors (time to follow up, resources brought in, etc) rather than on results...and we all know that only behaviors can be modified.

Adding measurement to your existing sales and marketing activities requires a commitment on the part of your management. After all, this is largely about people and processes...and if the people aren't committed to the processes, the effort will fail.

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