Navigating Channel Leads Through the Rearchitected Waterfall

The demand waterfall has evolved to include new areas where partners can have an impact on lead conversion rates

Before factoring in channel leads, suppliers must have airtight lead registration rules in place

Suppliers should prescriptively guide partner sales reps through each step of the demand creation process, informing them on where and how to report on leads

Modifications to automobile fuel systems impact performance; sometimes these impacts are positive, sometimes they are negative. A hybrid car uses a battery that supplements its gasoline engine; thus, it gets more miles to the gallon. A fully electric car, however, has a restricted driving range, as its battery must be recharged after only 100 to 200 miles.

In the b-to-b world, leads are the fuel that powers the demand creation engine, and the SiriusDecisions demand waterfall explains how this fuel flows through this engine. Recently, we modified this waterfall to more accurately depict an increasingly complex demand creation environment (see the brief "The Demand Waterfall, Rearchitected"). Just like tinkering with a car, these changes impact indirect sales channels. In this brief, we explain key differences between channel and direct lead progression, describe the mechanics of channel lead conversion and detail best practices from leading b-to-b organizations.

THE REARCHITECTED WATERFALL: CHANNEL IMPACTS

SiriusDecisions' rearchitecture of the waterfall impacts three channel-specific forms of lead conversion most acutely: automation qualified lead (AQL) to sales accepted lead (SAL), defined as leads generated by supplier systems (e.g. form completions on the supplier Web site that meet qualification criteria) and later distributed to partners; teleprospecting generated lead (TGL) to SAL, defined as leads handed off by third-party teleprospectors to partners for followup; and sales generated lead (SGL) to sales qualified lead (SQL), defined as leads created by partners and registered in the supplier's lead management system. In regard to these impacts, three overarching factors must be considered:

- *Poor visibility.* Lack of visibility continues to hamper channel sales and marketing's ability to measure lead development, making it difficult to collect lead conversion data, especially in the later stages of the waterfall. This is a result of inconsistent partner reporting and lack of adherence to supplier service-level agreements.

- *Deal registration.* In the channel, a lead registration system records the acceptance of leads by partners. Partners register leads they create on their own (SGLs) or receive from the supplier (AQLs) or third-party teleprospectors (TGLs). A supplier whose partner program lacks a deal registration system or has one that suffers from poor adoption should expect poor conversion results at this stage.

- *Role of teleservices.* Marketing programs delivered through channel partners may include a prescriptive element that employs teleservices not just to qualify leads before passing them to sales reps (as is the case in direct sales), but also to enlist partners into campaigns. Later on, these same resources may be used to collect conversion data from partners through one-on-one calls.

LEAD STAGE: AQL TO SAL

In the AQL stage, leads are generated by a supplier's digital marketing program, then passed to a partner when the prospect has indicated the desire to talk to a salesperson or showed signs of a readiness to buy. In some cases, leads for transactional products with lower average selling prices are routed directly to partners, with no intervening telequalification. This route-around process must be carefully planned, especially when partners are assigned random leads from supplier Web sites without any guidance on

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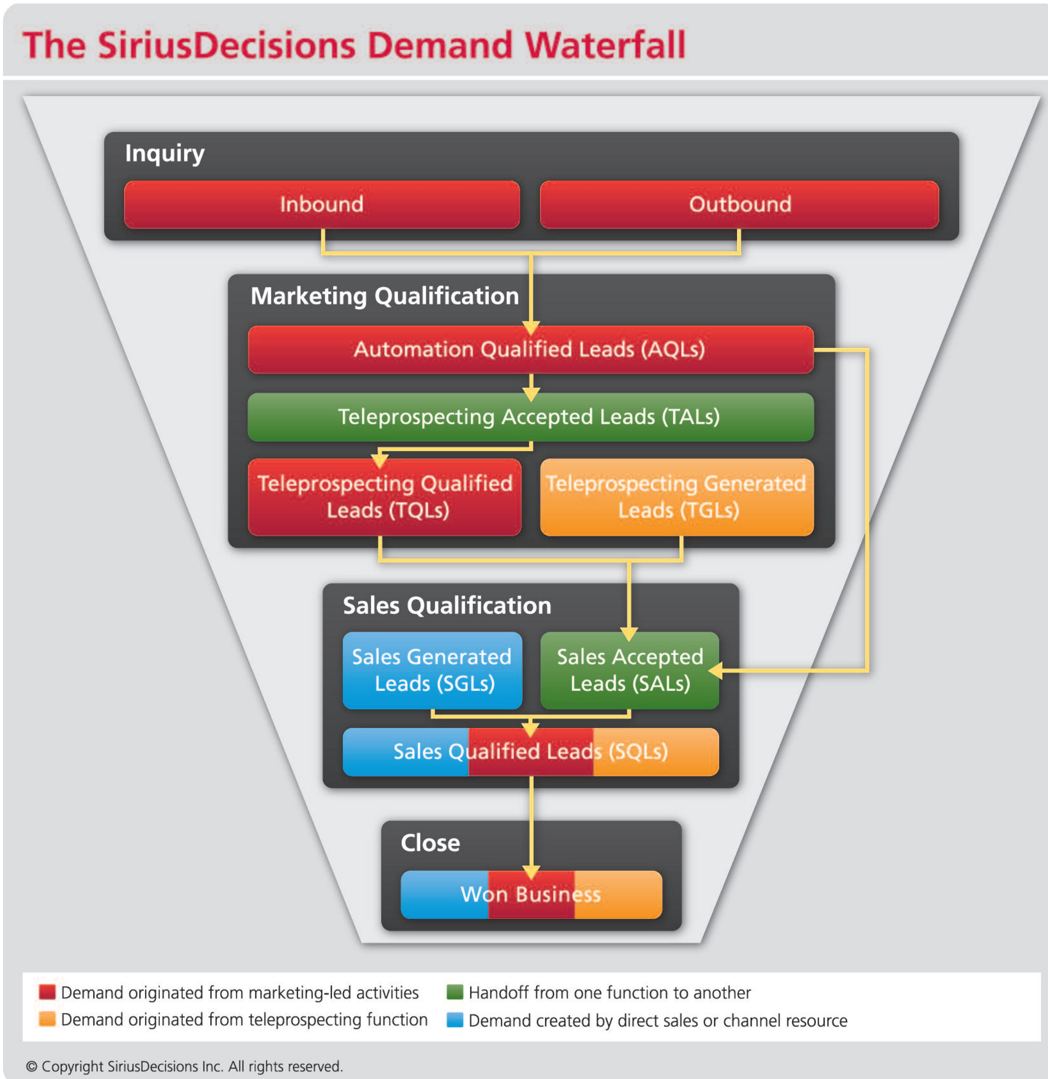
what generated the lead or what the partner's next step should be. Channel marketers can take the following steps to avoid poor AQL-to-SAL conversion rates:

- *Lead reporting.* Partners often don't know whether a prospect is merely doing research and might have some questions or is ready to buy, especially if they can't see how many times a prospect has visited the supplier's Web site or which offerings they were interested in. Consequently, they benefit when the supplier provides a snapshot of each lead that includes where it originated and what interests a prospect revealed.

- *Prescriptive guidance.* Suppliers also should advise partners on what action to take next with a prospect (e.g. send a webcast invitation, send pricing or arrange an onsite meeting). Leading suppliers create a framework that shows which assets to use at each stage of the buyer's journey, where to find them on the partner portal and how to employ them to advance the lead.



LEAD STAGE: TGL TO SAL

Suppliers may support partner marketing efforts with teleservices, including teleprospecting and telemarketing (e.g. setting appointments for partners, event registration, account mapping). If leads are generated by these resources, they are pre-qualified by teleservices reps, then passed to partners that register them into a lead management system. Implement the following best practices to improve lead conversion at this stage:

- *Involve partners early.* If no communication takes place (e.g. the partner is not involved in developing the play or its execution, and is simply receiving leads in a database or spreadsheet generated by teleprospectors), conversion rates drop. Involve partners from the onset by aligning teleservices to decisions by partners to use their marketing development funds (MDF) to fund a marketing play. Show partners how they benefit from registering leads (e.g. higher margins) they receive from teleservices.

- *Offer concierge-like services.* Suppliers with the highest conversion rates employ concierge-like teleservices that inform partners of the duration of a play, MDF cost and expected outcome. Teleservices are also used to inform partners how and when they are expected to report on leads; a regular reporting cadence ultimately increases TGL-to-SAL conversion rates.

LEAD STAGE: SGL TO SQL

Partner-sourced leads occur when partners develop leads of their own and wish to make suppliers aware of them to protect them from other partners or from the supplier's sales force, or to receive a higher margin

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if it is offered. These leads can be sourced from sales-driven call-out plays or the partner's own marketing efforts. When these leads are registered as qualified opportunities via the supplier's deal registration system or partner forecast (e.g. after being entered into the supplier's SFA system by a channel development manager), they become SQLs. To maximize this conversion, apply the following best practices:

- *Adhere to strict registration rules.* If suppliers are lax in their requirements when registering SGLs as SQLs, they may experience unusually low conversion rates to closed/won business. For example, if the supplier requires the prospect's email address and company name but the probability to close and expected close date are not included, partners may register false or unqualified leads. This is known as "lead squatting," which reserves possible future opportunities from competing partners.

- *Time-out leads when necessary.* Suppliers should establish a reasonable time-out period for inactive leads registered by partners. Instead of automatically taking away these leads, consider the solution's sales cycle length and allow partners to provide updates that explain why they need more time. Otherwise, partners will be less likely to register a lead if they know it will not close during a normal sales cycle, because they will be fearful that the supplier will take it away and assign it to another partner. Setting a time-out period limits false leads and ensures that partners are providing realistic data when they register leads.

THE SIRIUS DECISION

The rearchitected SiriusDecisions demand waterfall can be used to measure both indirect and direct demand creation efforts in greater detail than ever. By accounting for AQLs, TGLs and SGLs, it expands the definition of leads in the channel to include three methods commonly used for developing leads with partners. By applying this new approach to the unique role that partners play in converting leads (vs. direct sales), channel marketers can do more to track and improve their conversion rates and drive more channel demand.

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