



Breakthrough Ideas

What is the Net Present Value of your Lead Stream?

Today, everyone is concerned about making their targets. Wouldn't it be nice if your lead stream projection was up and to the right? These days, that is rare.

Financial wizards focus on net present value (NPV) as a way to measure the value of something in today's dollars. In a recent conversation, a colleague and I came up with the notion of measuring the NPV of a lead stream. The objective is to assess the current value of one's lead stream. The Net Present Value of your lead stream is a projection of all your leads and potential revenue, based on your current close ratios. This is a key measure of the health of your company and the success of your sales and marketing efforts.



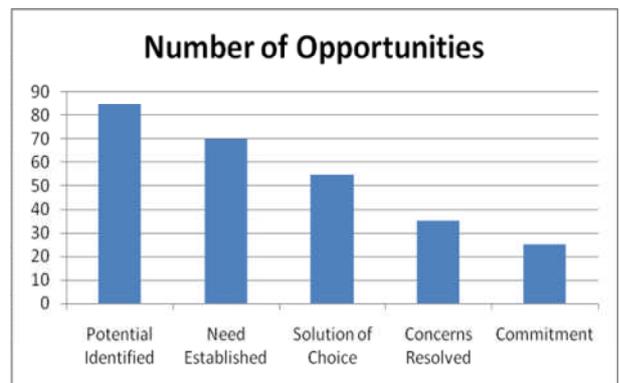
International Data Corp. (IDC), the industry analyst group, recently reported that companies in the business to business space will need 20-30% more leads this year than last to generate the same revenue stream. This means that most companies will need a very good lead generation campaign just to maintain their current market share. In addition, the market has gotten so competitive- with many companies pursuing prospects with the same "ideal prospect" characteristics. All of this indicates that having a very effective lead generation program is critical to success. And there are new tools and best practices that make it easier to generate more leads faster.

So, what should you do?

1. Measure your current conversion ratios. You can do this by creating three graphs:

- Number of leads at each sales cycle stage
- Dollar value of leads by stage
- Average time in each stage

Looking at these graphs will reveal the weak link(s) in your process. By applying your conversion ratios at each step in the process from lead to opportunity to sale to on-going customer, you can assess the strength of your sales funnel and the gap between its current state and where it needs to be. It will show that you need more leads, need to convert more leads to opportunities or more opportunities to sales.



2. When you have identified the area of greatest pay-back, identify the tools, process changes, skills training and campaigns/programs needed to address the problem. Create an action plan and implement it.

You may have been considering putting in place new lead generation tools or campaigns, but have been delaying due to concern about spending the dollars. There are others who have implemented a new tool, but have not integrated it into their sales and marketing processes. Either way, you are leaving money on the table!

ACT NOW! To delay even a quarter- and not generate that incremental 25% of leads that you need to hit your targets, means that you have to generate 2 x 25% more leads in the following quarter to make up for the short-fall. Acting now will make a huge difference in your year-end results.

About the Author

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Accelerating Sales by making it easier to Buy!

As a sales and marketing consultant, for the past 18 years, Ron has helped companies dramatically improve their sales and marketing results in complex selling environments. Results include:

- ◆ Achieving sales targets
- ◆ Generating qualified leads
- ◆ Improving conversion rates
- ◆ Accelerating sales process velocity
- ◆ Controlling costs of sales and marketing

He has worked with industry leaders, such as HP, Cisco, Synopsys, Siemens, Philips, Alliance Imaging and rapidly-growing companies such as NetSuite, Zeus Technology and Zonare.

Prior to that, in his 11 years at HP, Ron was consistently recognized as a top performer in sales, marketing and management roles related to computer, software and medical solutions.