

How to put the SiriusDecisions Demand Waterfall® into action using marketing automation



Formalize marketing with a proven framework

Whether your company refers to it as the sales waterfall or something else, many organizations struggle to get a firm grip on all the activities taking place in moving prospective buyers from awareness to consideration, selection and finally purchase. It's no wonder marketing and sales continually argue about the quality and handling of leads. And it's no surprise that marketing leaders find it challenging to show the return on their activities and how they achieved those results.

To address this vexing problem, more organizations are looking for ways to formalize their processes around lead flow, management, and measurement with the goal of demonstrating marketing's impact on pipeline and revenue. One popular framework is the SiriusDecisions Demand Waterfall® developed by SiriusDecisions.

First, let's summarize the SiriusDecisions Demand Waterfall® framework as defined by SiriusDecisions. Then, we'll show you how to put it into action using marketing automation software.

How a formal framework improves processes

The SiriusDecisions Demand Waterfall® covers the high-level processes around the following five lead stages:

- Inquiry
- Marketing qualification
- Sales acceptance
- Sales qualification
- Close

By looking at the process with key stages in mind, marketing and sales can more easily measure actual and required lead volume and conversion rates, determine who is responsible for which activities, and work hand in hand toward a common goal.

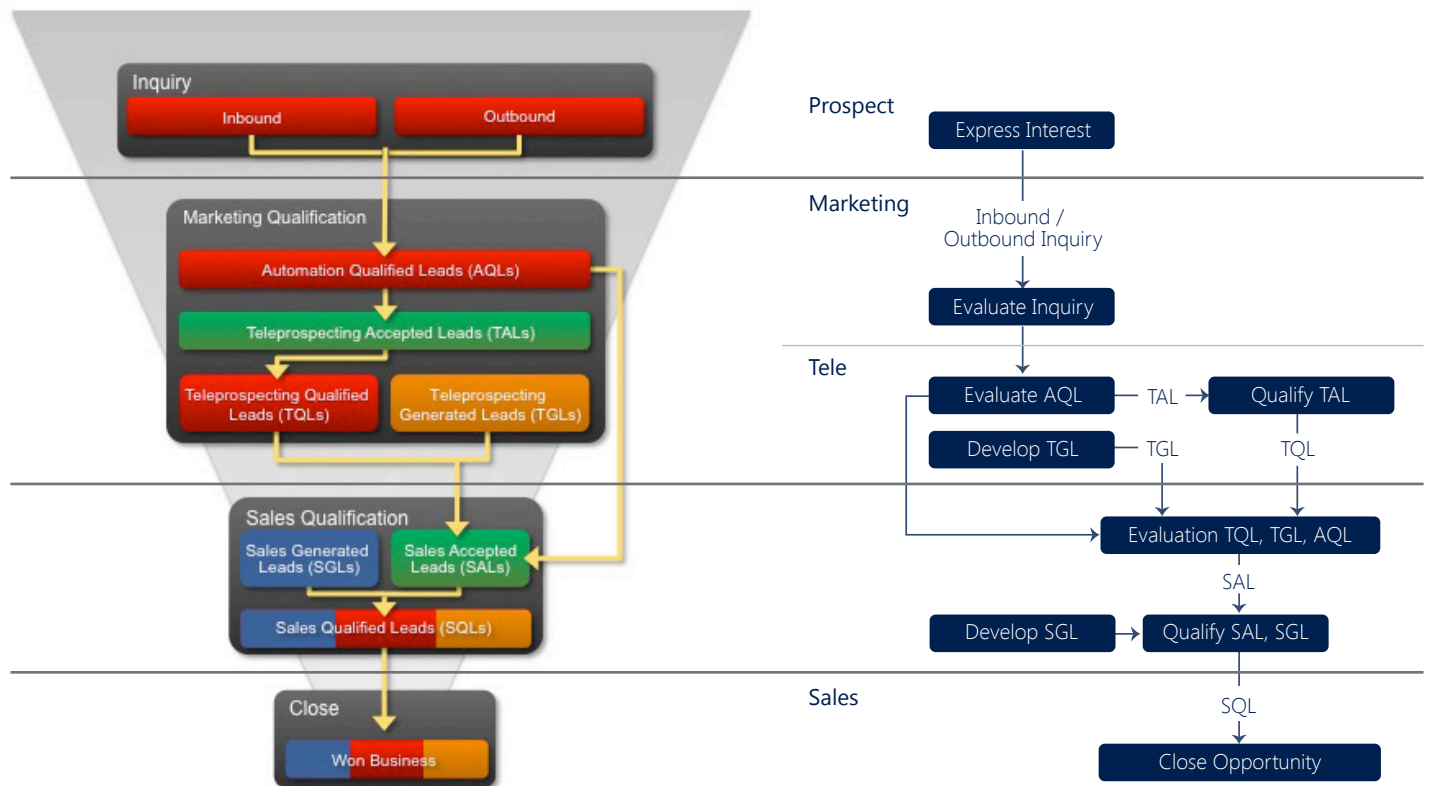
Let's just consider the handoff of leads from marketing to sales. This tends to be one of the biggest sore spots between the two groups, with sales contending that marketing doesn't deliver quality leads—or enough of them—and marketing

claiming that sales lets many good leads languish.

By looking at lead management in the context of an overall framework and process, sales and marketing can stop focusing on their silos of responsibility and instead consider all the activities that go into shepherding a lead from the start line to the finish line. With a common view into these activities, sales and marketing can agree on the ideal workflow for lead handoff and the activities each group will undertake to make the overall process work.

A formal framework makes it easier to track and measure those activities—and the related impacts—throughout the sales waterfall, both at the high level and more granularly. For instance, marketing managers can focus on how well marketing is handing off marketing-qualified leads (MQLs) to sales, while the sales manager can more easily analyze how well the sales team is taking care of its tasks. In both cases, this level of measurement makes it possible to tweak plans and activities as needed to achieve better results. And at the end of the day, the CMO can more easily show the value of marketing's contribution to the top line.

Translation to traditional process mapping



Aligning around leads

One of the basic elements of success when it comes to sales and marketing alignment is a shared definition of a lead (based on a profile of the ideal customer) and how leads are treated at each stage of the waterfall. First some basic definitions of the five major lead stages and examples of how to handle each stage with marketing automation.

Inquiry:

When a prospect expresses interest in what the organization is selling (note this person is not yet a lead; this is a pre-MQL—Marketing Qualified Lead). In your marketing automation system, you will likely enter this name into a general nurture stream with the goal of finding out more about the person's interests and needs.

Marketing Qualified Lead (MQL):

How marketing determines whether an inquiry satisfies the criteria that marketing and sales agreed on when defining a lead. This includes how and when to pass the lead on to sales, when it should be further nurtured before sending to sales, and when it should be deleted from the marketing database. At a high level, an MQL is someone who could benefit by using the organization's product or service and fits your company's definition of the ideal customer. Today marketing qualifies leads at this stage by scoring them in a marketing automation system based on the prospect's activities (such as visiting the website, downloading content, and attending an event) and declared interest in a product or service.



Aligning around leads

SiriusDecisions recognizes the importance of marketing automation lead scoring by introducing the term Automation Qualified Lead (AQL) in their re-architected waterfall (see figure). More advanced users of marketing automation may want to refer to SiriusDecisions reports for this re-architected waterfall.

Sales Accepted Lead (SAL):

These are leads that the sales group initially accepts because they meet a set of predetermined criteria. In essence, this is sales' process for validating that the marketing team truly qualified the lead per the agreed-upon criteria.

Sales Qualified Lead (SQL):

This is where the waterfall narrows as sales determines which MQLs to prioritize as opportunities. This determination can be based on numerous criteria, such as time frame for purchase, budget, and what role the lead plays in making the purchase decision. Sales may also decide the lead needs to be sent back to marketing for further nurturing because the contact may be a good fit and display interest in the company's offerings but might not yet be ready to buy.

Close:

At this stage, the sales team hopefully can close (or win) the deal.



Marketing automation prepares leads for hand-off

The screenshot displays the Microsoft Dynamics Marketing interface for a lead named "Spring Campaign - Megan Harvey (Marketing Qualified (MQL))". The lead score is shown as 80. The lead details form includes fields for Name, Priority, Status, Contact, Company, Address, Belongs To, Due Date, Date, Phone, Email, Assigned To, Assigned By, and Territory. The lead is assigned to "admin".

The Scoring section shows the Sales Ready status as "No" and the Sales Ready Score as 70. The Lead Scoring Model is set to "Northwind Spring 2015 Campaign Model".

A score chart shows the lead's score over time from April 27 to May 21, 2015. The score starts at 19, jumps to 47 on April 27, drops to 33 on May 1, and then jumps to 80 on May 21.

<input type="checkbox"/>	Date	Rule Field	Rule Operator	Rule Value	Score	Where Field	Where Oper...	Where Va...
<input type="checkbox"/>	4/27/2015	Lead Contact: Custom...	From Comp...	Northwind Electric Cars	10	Sales Region	Is In Set	Region 3
<input type="checkbox"/>	4/27/2015	Lead Contact: Custom...	From Comp...	Northwind Electric Cars	10	Education	Is In Set	Master, P...
<input type="checkbox"/>	5/1/2015	Interaction: Landing P...	Any		20	For Each Submis...		
<input type="checkbox"/>	5/8/2015	Interaction: Landing P...	Any		-5	For Each Submis...		
<input type="checkbox"/>	5/15/2015	Interaction: Landing P...	Any		-5	For Each Submis...		
<input type="checkbox"/>	5/21/2015	Interaction: Event	Is In Set	Northwind Spring 2015 Sales Even...	50	For Each Attend...		

Microsoft Dynamics Marketing tracks the behaviors and interactions of each lead and scores them based on the applicable scoring model. The score chart, as demonstrated above, enables marketers and salespeople to track the progress of a lead as it travels from inquiry to MQL.

How to set up a lead scoring model using Dynamics Marketing

Now that we've walked through the key lead stages and the importance of scoring leads, here's how to take advantage of Microsoft Dynamics Marketing to efficiently and effectively handle the process.

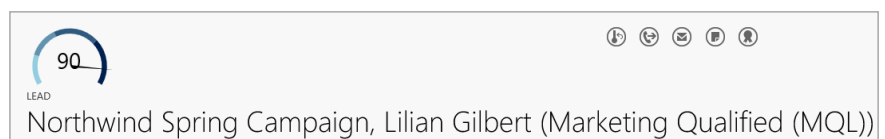
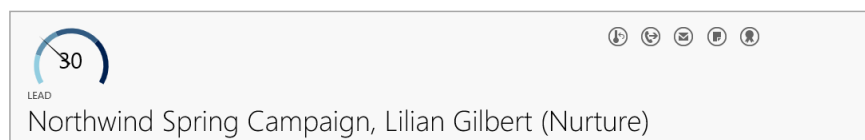
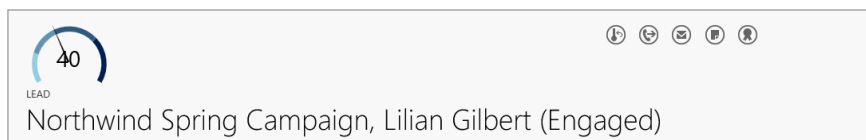
In Dynamics Marketing, you can set up a lead scoring model that helps you automatically progress leads when they meet your criteria. For example, you could configure Dynamics Marketing to forward leads to sales once they reach a score of 100.

The first step is determining the score you'll associate with various actions taken by a lead. At a high level, your model could indicate that if a prospect takes a certain action—such as responding to an email, filling out a web form, or downloading a white paper—the score increases by 5 points. If, on the other hand, a prospect doesn't take any actions for a certain amount of time—say two months—you could configure Dynamics Marketing so the score decreases by 4 points.

Your model can also be based on fairly sophisticated rules. In the screenshot below, we see sample

conditions defined by a marketer, and the associated actions. Say the condition is a campaign and if a lead entered into that campaign opened a campaign email (i.e., took an action), a certain number of points would be assigned to the lead score. While that is a simple campaign example, marketers can set up sophisticated rules around the conditions and actions in their scoring model. They can even assign different rules to different campaigns.

Suppose one campaign is focused on promoting a standard product. Someone who opens an email associated with this campaign could be assigned 5 points. On the other hand, a lead that opens an email associated with a priority campaign could be assigned 10 points. Or perhaps an IT manager who responds to the high-priority campaign would be assigned 5 points, while a c-level exec who responds would be assigned 10 points, and a competitor who responds would be given negative points (e.g., -10 points). In the next eBook, we explain the different lead nurturing campaigns you can create and manage in Dynamics Marketing to move leads through the waterfall.



How to set up a lead scoring model using Dynamics Marketing

Microsoft Dynamics Marketing

Settings Rules and Models

New

admin admin

LEAD SCORING MODEL

Northwind Spring 2015 Campaign Model (1)

Active Created by admin

Name Northwind Spring 2015 Campaign Model Min Score No lower bound

LSM Type Max Score No upper bound

Automatic rescoring

Description

Rules

<input type="checkbox"/>	Field	Operator	Values	Score	Where Field	Where Operator	Where Va...
<input type="checkbox"/>	Interaction: Event	Is In Set	Northwind Spring 2015 Sales Event (...)	50	For Each Attenda...		
<input type="checkbox"/>	Interaction: Landing Page	Is In Set	Spring Campaign Signup	20	Submissions	Greater Than Or Equ...	1
<input type="checkbox"/>	Lead Contact(s): Email Me...	Is In Set	Spring 2015 Campaign Welcome Mail	20	For Each Click		
<input type="checkbox"/>	Lead Contact(s): Web Site	Is In Set	Northwind product pages	10	For Each Visit		
<input type="checkbox"/>	Lead Contact: Custom Field	From Comp...	Northwind Electric Cars	10	Sales Region	Is In Set	Region 3
<input type="checkbox"/>	Lead Contact: Custom Field	From Comp...	Northwind Electric Cars	10	Education	Is In Set	Master, P...
<input type="checkbox"/>	Lead Contact(s): Web Site	Is In Set	Northwind Job Opportunities	-5	For Each Visit		

Grades

<input type="checkbox"/>	Grade	From	To	Sales Ready Grade
<input type="checkbox"/>	Marketing Qualified (MQL)	70	100	Yes
<input type="checkbox"/>	Engaged	40	69	No
<input type="checkbox"/>	Nurture	20	39	No
<input type="checkbox"/>	Not engaged	0	19	No
<input type="checkbox"/>		0	0	No

Submit Cancel Save

Microsoft Dynamics Marketing automates the SLA with Sales using a lead scoring model such as this one. This model identifies leads living in the American Southwest (their "Region 3") with a master's degree or higher who have also engaged with a recent campaign by interacting with marketing emails, submitting a landing-page form or, even

better, attended the annual sales event. It gives extra points for visiting product pages on the company web site, but subtracts points for visiting the jobs listings. When the lead reaches a score that qualifies it for a sales-ready grade, it is considered an MQL and will be synchronized with CRM to await acceptance.

In the past, marketing may have sent the same email message to all prospective buyers and labeled anyone who responded a lead. Using lead scoring in marketing automation, marketing can

set up
sophisticated
rules

that take into account a lead's profile and where that person is in the waterfall.

SLAs: contracts for a smooth process

When sales and marketing are agreeing on all the activities that make up the processes throughout the sales waterfall—or SiriusDecisions Demand Waterfall®—they also need to agree on responsibilities. And then they need to follow through on all the steps involved in moving a lead through the waterfall. That’s where SLAs come into play.

Let’s consider the example of marketing evaluating an inquiry to determine if it should be passed on to sales. The SLA for this activity could indicate that a lead will only be forwarded to sales once it reaches a lead score threshold of 120 or more. If marketing forwards leads with a score lower than 120, it has violated the SLA.

Or perhaps an inside sales rep needs to determine if an MQL should be deemed an SAL. The SLA for this activity could give the sales rep one hour from receipt of the MQL to confirm the lead has a name, phone number or email address, and has indicated interest in a specific product. Another option is that the SLA would give the sales rep one hour from receipt of the MQL to check BANT criteria—that is, budget, authority, need, and timeline. If sales does not qualify the lead within this one-hour time frame, it would be in violation of the SLA. If the sales team accepts the lead but the lead does not progress within 3 days of qualification, the SLA could dictate that the lead is automatically entered into a nurture stream.

Ideally you’ll use systems such as marketing automation and CRM to help track and enforce these SLAs.

Problems you’ll face without SLAs

Key gaps:	Resulting in:
An agreed-upon lead definition	Lead waste
Clear role definitions	Inefficient load balancing
Effective escalation processes	One or more major process gaps
Formal training and onboarding	Lack of adoption
Enforced compliance	Static, ineffective SLAs

How to implement the SiriusDecisions Demand Waterfall®

Best Practices General Terminology

Microsoft Dynamics Marketing Terminology, Features, and Implementation

Inquiry	<p>Dynamics Marketing Contact:</p> <ul style="list-style-type: none"> • Synchronized with CRM but not yet a lead
Automation Qualified Lead (AQL)	<p>Dynamics Marketing Lead:</p> <ul style="list-style-type: none"> • Often auto-created in response to a landing-form submission (inbound or outbound) • Inbound leads can be set to double opt-in, thereby confirming that each lead includes valid email address and represents genuine customer interest • Lead-assignment rules set up the new lead, assign territory and set status values • Each lead can represent a single contact or a company with multiple contacts • Each lead is assigned a scoring model and begins getting scored based on behaviors, demographics and interactions
Marketing Qualified Lead (MQL)	<p>Dynamics Marketing Lead that has reached the sales-ready scoring threshold:</p> <ul style="list-style-type: none"> • The lead scoring model implements the marketing SLA • The lead is now synced to CRM, awaiting acceptance • The lead is still available in Dynamics Marketing for further pipeline acceleration during the sales process
Sales Accepted Lead (SAL)	<p>A CRM user has accepted the lead and begins working on it; he or she might add the lead to rapid-entry campaigns:</p> <ul style="list-style-type: none"> • Sales may reject the lead and either discard it or return it to Dynamics Marketing for more nurturing • Leads left to languish will eventually violate the sales SLA and may return to Dynamics Marketing by default • Salespeople can use the Dynamics Marketing Seller Portal to follow all marketing communications and add/remove contacts to/from specific campaigns
Sales Qualified Lead (SQL)	<p>A CRM user promotes the lead to an opportunity, which is then synced back to Dynamics Marketing:</p> <ul style="list-style-type: none"> • New opportunities could be drafted into automatic pipeline acceleration campaigns • Sales might instead request a specific pipeline acceleration campaign based on knowledge of the contact
Close	<p>The lead would have been converted to an opportunity that is then closed. End-to-end demand-waterfall data makes return on marketing investment calculations and other analyses possible.</p>

Tracking and measuring results

Here are a few basics to keep in mind as relates to aligning marketing and sales.

Value of Alignment

By ensuring marketing and sales are aligned across waterfall processes, the organization can better measure performance at a granular level (i.e., at each handoff stage). This level of measurement helps pinpoint areas needing improvement. For example, if sales needs more SQLs, marketing has two options: increase the number of marketing qualified leads or increase the conversion rate of MQLs to SALs. The latter may be more cost-effective than simply pumping more inquiries and MQLs into the waterfall.

Process-specific Metrics

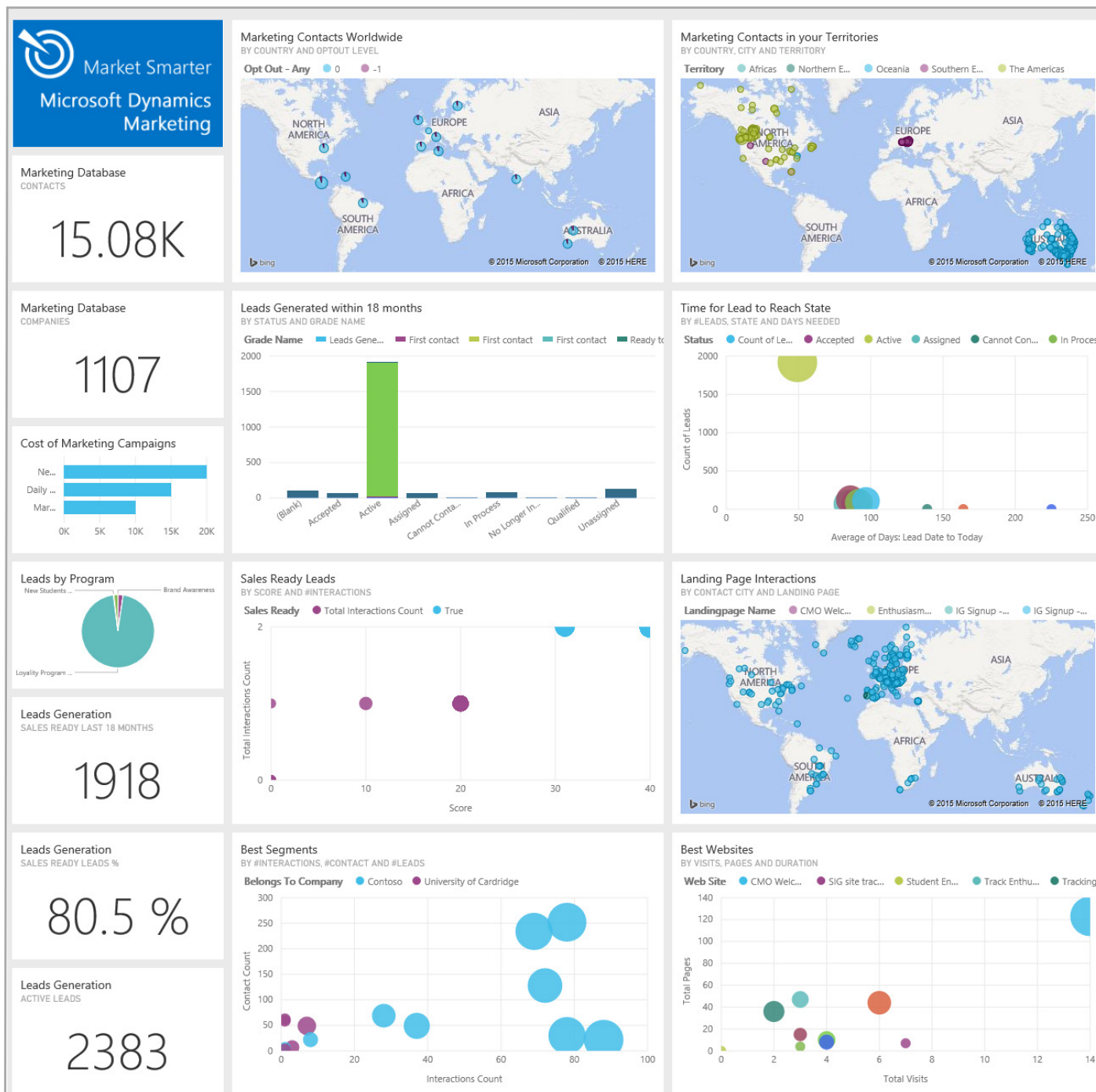
Organizations can use metrics to measure the effectiveness and efficiency of the waterfall as a throughput process. These metrics include the:

- Volume of leads and opportunities flowing through the waterfall
- Conversion rates across the various stages
- Velocity with which leads and opportunities are progressing
- Deal size distribution

These metrics are valuable in then determining what marketing and sales needs to do going forward to improve performance or simply achieve their goals.

Tracking and measuring results

Microsoft Power BI delivers out-of-the-box customizable role-based dashboards for Microsoft Dynamics Marketing users.



Achieving revenue goals using Dynamics Marketing

In Microsoft Dynamics Marketing and Microsoft Power BI, you create a dashboard with all process-specific metrics to measure the effectiveness and efficiency of the waterfall as a throughput process. This gives sales and marketing a view into performance against the entire SiriusDecisions Demand Waterfall®.

A reverse waterfall gives marketing a framework for calculating the number of leads it needs to deliver to sales based on the amount of marketing's revenue contribution. By taking into account conversion rate at each lead stage—and even amount of time spent at each stage—marketing can determine the number of inquiries it must generate over a certain time period. In other words, by analyzing metrics associated with leads as they move through the waterfall, marketing can build a predictive model for calculating the number of leads needed to achieve a certain revenue or customer goal.

Putting the waterfall into play

Once marketing and sales agree on the process required to move prospects from inquiry to a closed deal—and define the ideal customer, lead handoff, and SLAs—it's time to develop strategies and tactics to drive demand.

So don't delay—get started setting up, executing, measuring the impact of your campaigns—and improving results over time.

Reach out to learn more.



www.microsoft.com/dynamics

Talk to a Microsoft representative
(United States and Canada).

Availability and hours of operation:
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