# A Roadmap for Building Business and Maximizing ROI

*A strategy for customer acquisition and profitable growth*

Christopher Nelson
Managing Director, Advanced Marketing Solutions

## Select Sales and Profit Destinations

Sales and profits targets, percentage increases, and other measures of success are established and changed as corporate goals are created from a myriad of factors (economic, technological, competitive, regulatory, etc).

Having a clear understanding of the sales and profit destinations (and changes as they occur) is the most important element in creating a roadmap. Using your lead-to-sale ratio(s) and the company sales and profit targets, determine the number of leads required to reach the revenue and profit destinations. X leads are necessary to develop Y opportunities that should yield Z in sales revenue and profit. Running the numbers is the method for determining how you're going to get there.

## Create a Roadmap

Orientation is the first step in creating a roadmap for building business and maximizing your return on investment. Where are you now and where do you want to go? This simple question is a common stumbling block for many companies. In rapidly changing environments, marketing departments may not know how many inquiries, leads and opportunities came in over the last year, or how many valid sales prospects currently exist.

Without a clear starting point a roadmap isn't much good, so orientation becomes a critical first step. You may decide to look for an outsourcing solution, but you'll still need to tell your vendor where you want to go.

How do I perform my orientation?

First, survey the marketing landscape. Try to determine how many leads your marketing programs have generated over a fixed period of time and how many marketing or sales prospects there are in total. How many databases exist that contain this information? You may need to merge files and remove duplicate records.

Many firms don't take full advantage of the information that they gather. The databases are often not managed for targeted use and are rarely verified or updated. In a recent Clean Sweep effort, one firm increased its database accuracy from 40% to 95% and quoted several million dollars in new business, the program ROI was over 2,100%

Second, cross-reference the number of sales from the last 12 months to the marketing leads database to try and establish a lead-to-sale ratio. If information is difficult to obtain, look for a reasonable estimate. Additionally, try and get an average order size. The ratios and orders may vary by product, target industry and application, etc. These will help you determine the number of different destinations and routes for your roadmap.

## Take the Best Route Available

Now that we have a target destination, what's the best way to get there? Consider several important factors such as timeframe and available budget or resources. How quickly do you need to get there?

Estimate the number of hours required (for planning and implementation of marketing campaigns, outreach or follow-up, and demand generation, as well as the measurement and reporting). Do you have the capability of getting there with existing internal resources? If so, create a timeline with milestones at specific dates. If not, explore scalable outsourcing for specific expertise. At a minimum, there should be a weekly electronic summary of all activity to plot the progress along the chosen route.

If your timeline permits, you may want to leverage existing or planned investments such as trade shows and product launches to develop leads, opportunities and sales. Example, a telemarketing outreach to follow-up on an event is effective but do you need to fill the sales pipeline with leads and opportunities this week or month?

Whenever possible, use a "cycle approach" to generate demand and qualify leads. While the shortest route would be a phone call to educate, inform and qualify all at once, it is also the most expensive and least effective route. A cycle approach uses a series of steps to provide and gather information, to nurture leads and then harvest sales opportunities.

The route to a sales and profit destination can also change, so don't be afraid to detour or pause to get your bearings. Budgets are often depleted by sticking to routes that lead nowhere. The key is in measuring progress, making changes as necessary, and by creating deliverables and reaching milestones. Example, a weekly deliverable might be to provide 20-30 qualified sales opportunities per week for a specific industry vertical, and a milestone might be reaching a quarter or half-way point toward that part of the quarterly revenue target.

## Choose the Right Vehicle

There are advantages and disadvantages to each communications vehicle. Choosing the right one involves matching your requirements to the vehicle cost-performance benefits.

The benefit of electronic communication is that it offers broad reach at a low expense. Email should be personalized, solution-specific and delivered between 10am and 2pm Tuesday-Thursday for the best effect. The drawback to electronic communication is the current saturation of non-targeted messaging. Good messages are sometimes “lost in the crowd.” On balance, there is excellent value in sending monthly or bi-monthly communications with very specific value propositions.

Printed communication and direct mail is tangible and this element builds credibility beyond electronic files and graphics. Today, there is far less printed communication than email, so it stands out. However, the production and delivery costs are 15-20 times higher and (with high-resolution printing) many people have come to accept or prefer electronic fulfillment. Still, there is a place for printed material. Used in a targeted-fashion (particularly for key accounts or prospects, event support, and product launches) direct mail can be highly effective.

Telemarketing is the most personal and most expensive vehicle. It is best used for qualifying sales opportunities, customer outreach programs, market research and database development. Warming calls with email, or direct mail increases the effectiveness of telemarketing. Increasing inbound telemarketing to balance outbound efforts is a good way to minimize expenses.

For any communications vehicle to be effective, a current and targeted list or data source is necessary, in addition to a clear message with unique and compelling value points.

Evaluate pay-per-click services such as Overture and Google to increase web site visibility for specific searches. Use small pilot programs 200-500 calls, emails, and mail to gauge response and measure success metrics. Even when outsourcing a pilot effort should be available

## Maximize your Investment

In order to reach the profit destination on your revenue roadmap, it is necessary to make ROI a priority. It requires a small investment of time for every marketing and sales effort. But it will enable you to improve the mileage from your programs, reduce the expenses and reach the destination more quickly.

Develop a scoring system (example, an ROI percentage for each marketing program) and stick with it. In many companies, marketing and sales programs are rapidly developed and implemented without any ROI analysis. In essence, energy is often expended for relatively little progress in achieving objectives.

Watch the accuracy of data sources very closely and track the percentage of accurate or updated information. This improves your starting data source for the next campaign.

Keep it simple and make resources accountable. Don't do too much at once. A common problem is to trying to do too many things and not doing any of them well. Allow resources to focus on clear objectives and try to limit the distractions or new tasks that may arrive without warning. Keep resources accountable by requiring realistic but challenging deliverables on a frequent schedule. Build small incentives for reaching milestones and plan short program performance reviews at rally points.

Don't leave your customers behind. In the drive for new business, many firms forget that existing customers and repeat business are the single biggest and most important factor in profitable growth. Don't take them for granted. Make sure that you're close to your customers; contact them all on a regular basis. Even larger firms would be surprised to learn that their customer database is only 40-50% accurate, that customers contact have changed, or that they're now working with competitors. Today, you are very likely in possession of an untapped source of revenue. An annual outreach effort costs only five dollars per customer. How much did they spend on your products and services?

Review and Update your Roadmap

ROI analysis should be incorporated into the quarterly and annual budget progress. Increasing budgets for high-performance programs is like adding high-octane fuel to your revenue engine. Surprisingly, research shows that there is relatively little correlation between the expense and ROI of a program and the budget for the next fiscal period. Strengthen your budget requests with graphics that clearly illustrate the benefit to the bottom line of the financial statement.

Adopt a "Horizon Approach" by reviewing your business model and operations in a strategic process. Review the effectiveness of all programs during an annual review. Set aside one week during the year to review the results from all programs. It sounds simple but very few firms review metrics and update their revenue roadmaps for the next fiscal year.

Sales leads and opportunities are the fuel for reaching your destination. If you can create them with internal resources, this is the best approach. But if your resources are limited, consider outsourcing on a project or ongoing basis. Outsourcing can provide roadside assistance like AAA or do the driving for you. You can request support when you need it, or use it to implement entire programs to reach your destination. It allows you to leverage staffing and experience to minimize expenses and react quickly to market opportunities.

Outsourcing vendors should be results-oriented with specific experience that will benefit your organization. And pricing should be more variable than fixed, closely linked with your success. If you outsource, start slowly and increase the budget according to results. Develop and cultivate a strategic partnership by investing the time to make the vendor an extension of your internal resources.