

Not everyone who expresses interest in a product or service is ready to make a purchase. That's why lead qualification, the process businesses use to determine which prospects are the best sales targets, is a critical part of any sales strategy.

It's also a step that many businesses either ignore or fail to perform effectively. According to [one study](#), nearly two-thirds of companies in the business-to-business (B2B) market fail to consider lead qualification when deciding where to target their sales efforts, even though roughly only one quarter of sales leads are qualified.

Fortunately, it's easy to avoid these types of pitfalls by having a reliable lead qualification process in place for your business. This article will explain how that process works and describe common strategies for lead qualification.

# What is Lead Qualification?

Lead qualification refers to the process of determining which potential customers are most likely to make an actual purchase. It's an integral part of the sales funnel, which often takes in many leads but only [converts a fraction](#) of them.

Lead qualification is critical to ensuring your sales and marketing resources are allocated as efficiently as possible. If you invest an equal amount of resources into all potential customers without first assessing their qualification, you will end up spending time and money on prospects who may be less likely to make a purchase, no matter how well you engage with them. Given the typical [marketing costs](#) organizations must budget for, there is little room for wasting resources on prospects who will never convert. Teams must instead concentrate their resources on prospects who are in position to make a purchase.

Lead qualification is a multistep process. The marketing team first collects a lead's contact information as part of inbound marketing operations, then assesses whether the lead is likely to fit an established customer profile for your target audience. If the lead is deemed a fit, he or she becomes a prospect. At some point, a sales representative will get involved by scheduling a call where they will discuss the prospect's needs, buying timeline, authority to make a purchase, and budgetary requirements. Based on this information, the sales team can make a final determination about whether the prospect is a good candidate for pursuing further.

[Download the Definitive Guide to Sales Lead Qualification and Sales Development](#)

# What is a Sales-Qualified

# Lead?

A sales-qualified lead (SQL) is a prospect whom you determine is relatively likely to convert through your lead qualification process. This doesn't suggest an immediate sale, but at some point an SQL should be in position to make a purchase. These leads are the most sought after for sales reps.

However, leads can become unqualified for several reasons. Some prospects may need your product or service, but are not close to being ready to buy. Other leads might be unqualified because your product or service is out of their price range, even if it appeals to them. Sometimes a lead may be unqualified because he or she doesn't truly understand what your product or service does, or what problems it can solve.

Sales teams should make every attempt to make lead qualification a quantitative, data-driven process. This can be accomplished through a scoring model where a team calculates a score for each lead based on factors such as:

- How often they use social media

- Click-through rates for emails sent to the lead

- The frequency of the lead's visits to your website

- How recently the lead last engaged with your company

Using scoring data, it's possible to assess leads in a consistent, comprehensive way.

If the qualification process results in a lead who is not qualified, they should be removed from active pursuit so your team does not continue to invest resources in a lead who is not prepared to make a purchase in the near future.

## How to Qualify a Sales Lead

Some leads are easy to qualify. Others may be more challenging due to a lack of available information needed to evaluate them. When it's difficult to determine the buying likelihood of a lead, speculation and an ad-hoc approach to follow-up activities tend to result in less accurate lead qualification.

To avoid this, you need to have a systematic, [data-driven lead qualification process](#) in place. Here are some common lead qualification techniques that brands use to distinguish qualified leads from unqualified prospects.

## BANT

The BANT technique focuses on four characteristics, in order of decreasing importance:

**Budget:** Does the product or service fit the prospect's purchasing budget?

**Authority:** Is the prospect in a position to make a decision about the purchase or would someone else be the decision maker?

**Needs:** To what extent does the prospect need what you are selling? Are they just exploring or is there a pressing need to make a purchase?

**Timeline:** How ready is the prospect prepared to purchase?

BANT is a good choice for brands whose products or services are expensive—and therefore don't fit within the budgets of all buyers—as well as B2B brands, where decision-making authority and multiple influencers are important parts of the sales process.

## CHAMP

CHAMP—which stands for Challenges, Authority, Money, and Prioritization—is an alternative to BANT that prioritizes whether a lead's challenges are solved by the product or service being sold. CHAMP also uses the concept of prioritization instead of a fixed timeline. From the CHAMP point of view, a prospect's purchasing timeline is ultimately determined by how much the prospect prioritizes acquiring the product or service that you are selling.

The CHAMP technique is a good fit for situations where some leads don't understand what you are selling. Identifying prospects' challenges first and then determining whether there is a fit with the product or service being offered helps sales teams to quickly disqualify leads who don't actually need what you are selling.

## MEDDIC

MEDDIC is a complex yet effective lead qualification technique that focuses on a range of overlapping factors:

**Metrics:** In quantifiable terms, what is the customer hoping to get out of your solution? Is it to increase revenue by a certain percentage every year, for example?

**Economic buyer:** Who is the person who makes buying decisions?

**Decision criteria:** What are the buyer's criteria for determining whether or not to make a purchase?

**Decision process:** Which process does the buyer follow when evaluating a potential purchase?

Pain point identification: Which challenges is your buyer seeking to solve?

Champion: Is there someone inside the buyer's organization who already believes in your product or service and can serve as a "champion" for it?

MEDDIC requires gathering a lot of detailed information about leads. It works well for teams that have a relatively low volume of high-value sales, such as software vendors selling enterprise contracts worth tens of thousands of dollars each. These teams can afford the time to engage deeply with each lead in order to collect the information needed to perform MEDDIC qualification. MEDDIC makes less sense for companies that sell low-cost items at high volumes, such as most online retailers.

## ANUM

ANUM—short for Authority, Need, Urgency, and Money—evaluates the [same factors as the BANT model, but in a different order](#). Using ANUM, the decision-making authority of the buyer takes precedence, while money—equivalent to BANT's budget criterium—is the least important factor.

ANUM is a good strategy for brands that sell to groups where decision-making authority is not always clear at the outset, such as startup companies that don't yet have a well-ordered purchasing process in place. Organizations like these may struggle to determine who has to sign off on a purchase before the sale is complete.

## FAINT

FAINT, or Funds, Authority, Interest, Need, and Timing, is also a variation on the BANT technique. Like the BANT model, it prioritizes budget and buying authority as the primary factors. However, it also incorporates a [unique interest factor](#) that requires sales and marketing teams to evaluate how interested the buyer is in what they have to offer.

FAINT therefore works well for prospects who may not know that your product or service exists in the first place, such as those you would normally reach through cold-calling. In contrast, BANT is best-suited for those who are already educated about your product and whose interest is clear from the outset.

[Download the Definitive Guide to Lead Nurturing](#)

# When to Move Qualified Leads Through the Funnel

By using the technique that best suits the organization, your sales and marketing team can determine when

it's time to move a lead further down the sales funnel. Key indicators that reveal a qualified lead include:

- Ability to answer questions about their needs specifically and consistently
- Firm expression of interest and a need for your product or service
- A demonstration of a clear sense for what your product or service provides
- Alignment between your price point and the lead's budget
- Doing business in an industry that your brand normally sells to
- The potential for a purchase in the near future
- A profile that aligns with similar customers with whom you have closed deals

After a lead is qualified, your sales team can begin nurturing the lead further by continuing the engagement. Setting up additional calls or meetings, doing product demonstrations, and creating more opportunities to discuss the product with current customers are common techniques for moving qualified leads toward conversion.

# Build a Lead Qualification Workflow

Lead qualification is an essential part of sales and marketing. To be successful, brands must implement an efficient process that suits their organization's unique needs. If you're a small company with only a handful of prospects to manage, you may be able to qualify leads with a manual approach. However, to perform lead qualification efficiently at scale, [marketing automation](#) is critical.

Marketo Engage offers a complete set of tools for marketing and lead management that address every part of the sales and marketing funnel. See how Marketo Engage can help automate your lead qualification process through by [trying a free demo today](#).