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4 STEPS to Developing a
Winning Lead Scoring Model

Introduction

In a recent survey of our customers, **43%** listed lead qualification (including lead scoring) as the top challenge they face. This guide will help you understand how to score your leads based on their fit, demographics, behaviors, propensity to buy, and more. Whether you're a lead scoring pro or a newbie, this ebook and the tactics and tips within will transform your practices and help you ensure that you're only passing qualified leads to your sales team.

NOTE: With lead scoring, you can identify a prospect who fits your target customer profile, determine the prospect's current level of interest in your business, and use that information to drive sharper, more relevant engagement.

What is Lead Scoring...and Why Should I Care?

Lead scoring is a shared sales and marketing methodology for ranking leads in order to determine their sales-readiness.

Leads are scored based on the level of interest they show in your business, their current stage in the buying cycle, and their fit in regards to your business.

Companies can score leads by assigning points, implementing rankings like A, B, C, D, or using terms like 'hot,' 'warm,' or 'cold.' The key is that marketing and sales can increase their combined efficiency and productivity based on the clarity of a sales-ready lead.

A lead by any other name...

It's critical that sales and marketing agree on the terms and definitions they use to define the stage and qualification level of the prospects in their database. Some common terms and definitions include:

- A **lead** is a prospect that is starts to interact with a company (interaction may be through content, events, etc.).

- A **marketing qualified lead (MQL)** is considered by marketing to be a viable lead.

- A **sales qualified lead (SQL)**—or **sales accepted lead (SAL)**—is determined ready (sometimes by a Sales Development Rep) to be engaged by a sales rep.

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What is Lead Scoring...and Why Should I Care?

By using lead scoring, marketing knows whether prospects need to be fast-tracked to sales or whether they need to further develop the relationship with lead nurturing. The most effective lead scoring systems incorporate:

- **Demographic and firmographic attributes** like company size, industry, and job title

- **Behavioral scoring** such as clicks, keywords, and web visits

- **Predictive scoring** which indicates a propensity to purchase
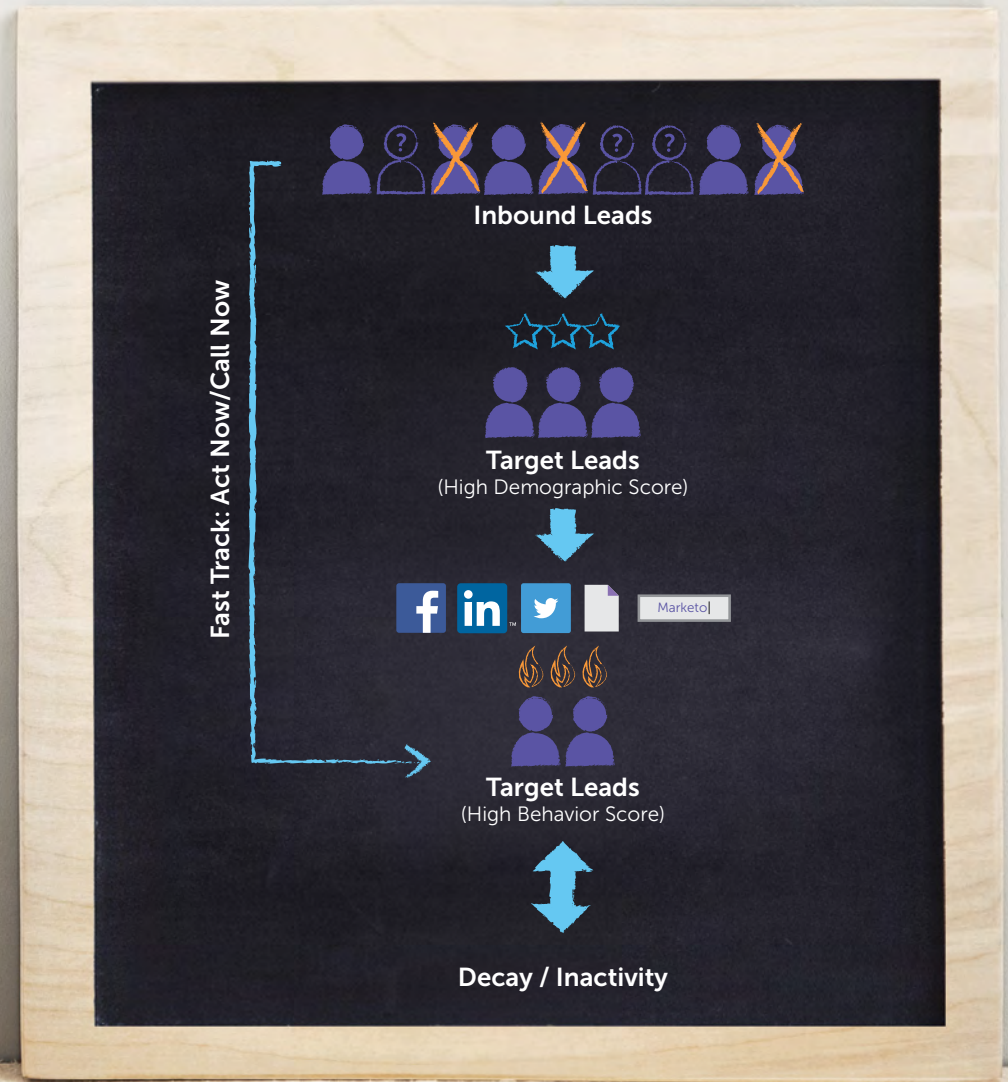
What is Lead Scoring...and Why Should I Care?

As leads make their way into Marketo, you can filter the known leads that meet your target criteria (e.g. job title/function, industry, etc.) and start to measure how they are interacting with your campaigns. For specific use cases, you can set a fast track to send the lead to sales immediately. For example, you may want to do this for a prospect that watches a 45 minute product demonstration and then visits the pricing page on your website. Don't forget to subtract behavior points for any period of inactivity (also known as decay)—a lead's score is dynamic and should reflect their buying intent at any given point in time.

**Sales
CRM Queue Priority**

- Recency
- Activity Type
- Engagement
- Fit/Predictive

Account Fit

Recent Meaningful Activities

Qualified Target
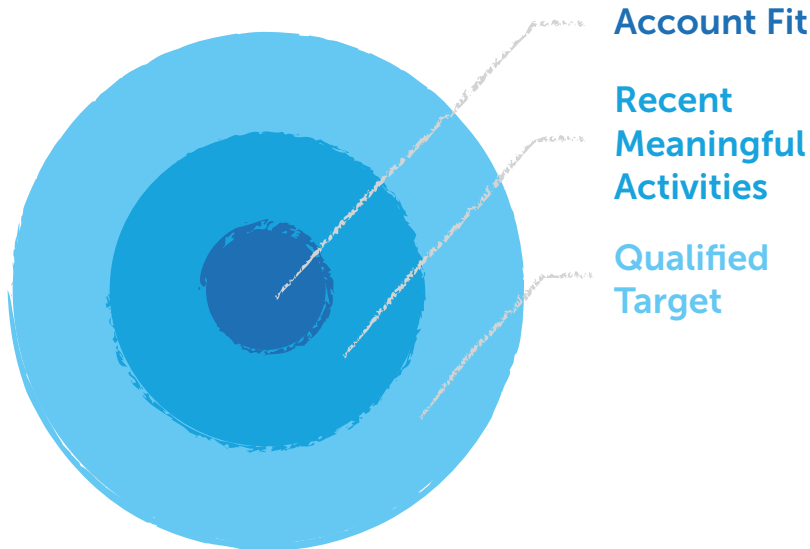
Lead scoring helps drive qualification and prioritization

What lead scoring isn't

Lead scoring is not:

- A stand-alone marketing process; after all, sales' input is essential to identify a "qualified" lead

- Cherry-picking hot leads while ignoring the rest of the database

- A guarantee that MQLs are ready to be converted to an opportunity

According to MarketingSherpa research,

73%

of all B2B leads are **not** sales-ready

So how do you know when it's time to make the call? How do you nurture and close all those leads? Lead scoring helps you engage in activities that drive revenue in two ways:

1.) **By streamlining lead flow**

2.) **Improving productivity and efficiency between marketing and sales.**

4 steps to Creating a Powerful Lead Scoring Model

While every marketing organization handling a fair number of leads on a regular basis should call upon lead scoring, many marketers feel lost about where to start because they:

- Are not sure if they're using the right—or accurate—data for scoring

- Feel overwhelmed by the time it takes to gather and make sense of all the data

- Find that without the right technology in place, it can get complicated pretty quickly if you're selling to different audiences or personas. But with a solid strategy and marketing automation platform, this process can be automated and scaled.

- Have too many or too few scoring parameters, which can make it overly complex or not complex enough.

But you're in good hands. We've pulled the information you need to plan and develop an effective lead scoring model and strategy into four simple steps.

Let's get started.

![Marketo logo]

1 Gather Information

Start by agreeing on which problems you are trying to solve—do you have a volume issue where you need to feed sales a high number of MQLs to build their pipeline? Or is this a quality issue, where SDRs are wasting their time engaging with leads that are not ready or poor targets? Or are you facing a long sales cycle and need to increase the velocity of your leads? Your scoring model should be geared towards supporting the business objective you want to achieve. And simply put, you cannot start building a scoring engine that addresses all elements (e.g. high volume, high quality, high velocity).

Once you've identified your goal, to create a lead scoring strategy, your sales and marketing teams should first get together to determine what scores should be assigned to which actions. This is intimately connected with your definition of a lead and should be based on business priorities and buyer readiness.

Start by meeting with your sales team to gather data that indicates your buyers' interest or sales-readiness. The goal is to align marketing and sales to create the profile of an ideal customer and define what constitutes a sales-ready lead.

Review the following:

☐ **Past deals and current opportunities:** Take a look at how existing customers and viable leads engage with your marketing campaigns over the course of the buyer's journey.

☐ **Online activity log:** See what web pages prospects visited and the sources, or referring sites, to understand which pages are drawing visitors in.

☐ **Sales logs:** Evaluate past interactions with sales and the activities and campaigns that touched the prospect before the purchase.

2 Align sales and marketing objectives

To further ensure marketing and sales alignment, have an unbiased party—namely marketing operations—manage the scoring framework. This approach works because marketing operations understands the ins and outs of lead scoring, and sees both marketing and sales as its "customers."

As a result, it is not inclined to sway the scoring model in any way, either by easing up on scores or lowering scoring thresholds.

Remember:
Your lead score choices should align with your overall business goals, such as to grow revenues, penetrate new markets or segments, drive higher sales of certain products or services, or even expand your business footprint with existing accounts.

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2 Align sales and marketing objectives

There are four dimensions of lead scoring that will help your team determine the leads you should nurture and those that get fast-tracked to sales: lead fit, lead interest, lead behavior, and buying stage/timing.

Let's take a deeper look at each dimension:

1. Lead Fit
Determining lead fit, or explicit lead scoring, is based on observable or directly shared information—often collected via an online form or registration process. Demographics, firmographics, and BANT (budget, authority, need, and time) tell you how well a prospect fits your ideal buyer profile.

Demographics
As you're profiling and defining your leads, you need to look at demographics—quantifiable identifiers that characterize your lead population. You can then map lead nurture tracks to these demographics. Typical demographics might consist of:

- Title
- Job Level
  (e.g. C-suite, Director, practitioner)
- Job Function (e.g. sales, marketing, IT)
- Location

Firmographics
Firmographics are organizational characteristics that help you find your ideal customer. Typical firmographics often include:

- Company size
- Company location
- Revenue
- Number of divisions
- Number of products/services sold
- Geography served
- Industry
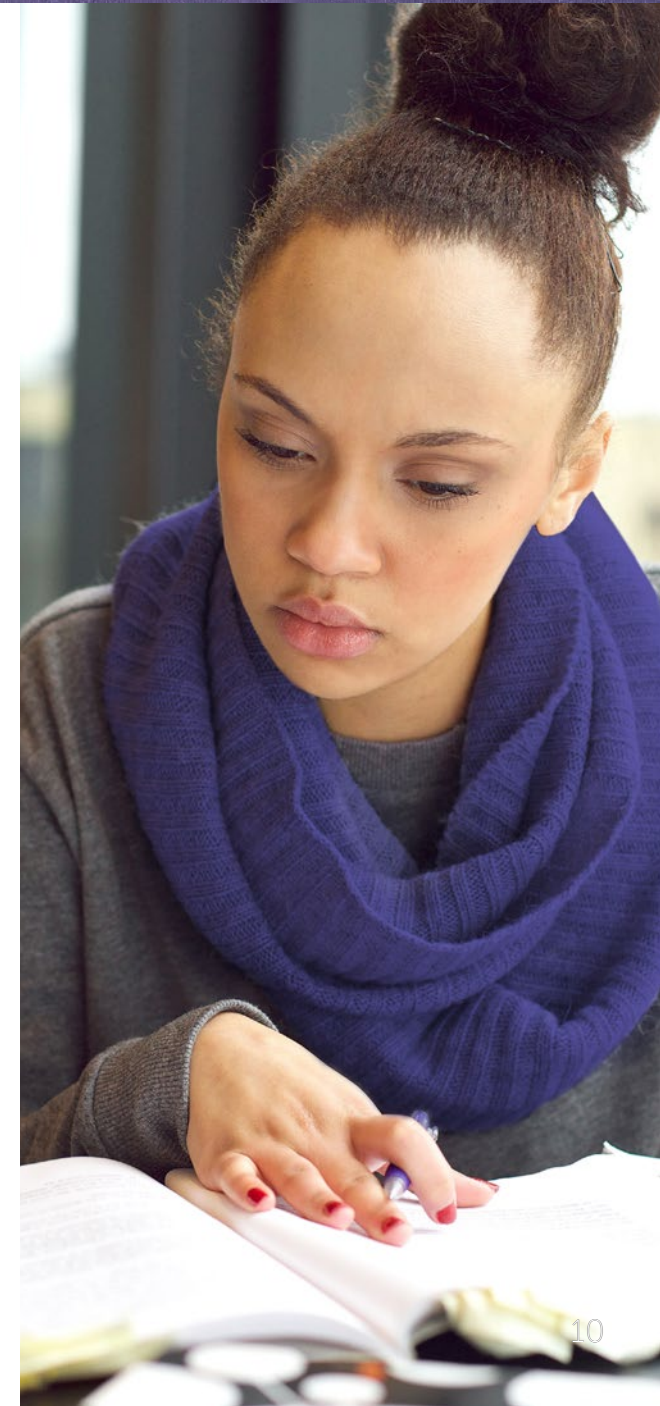
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2 Align sales and marketing objectives

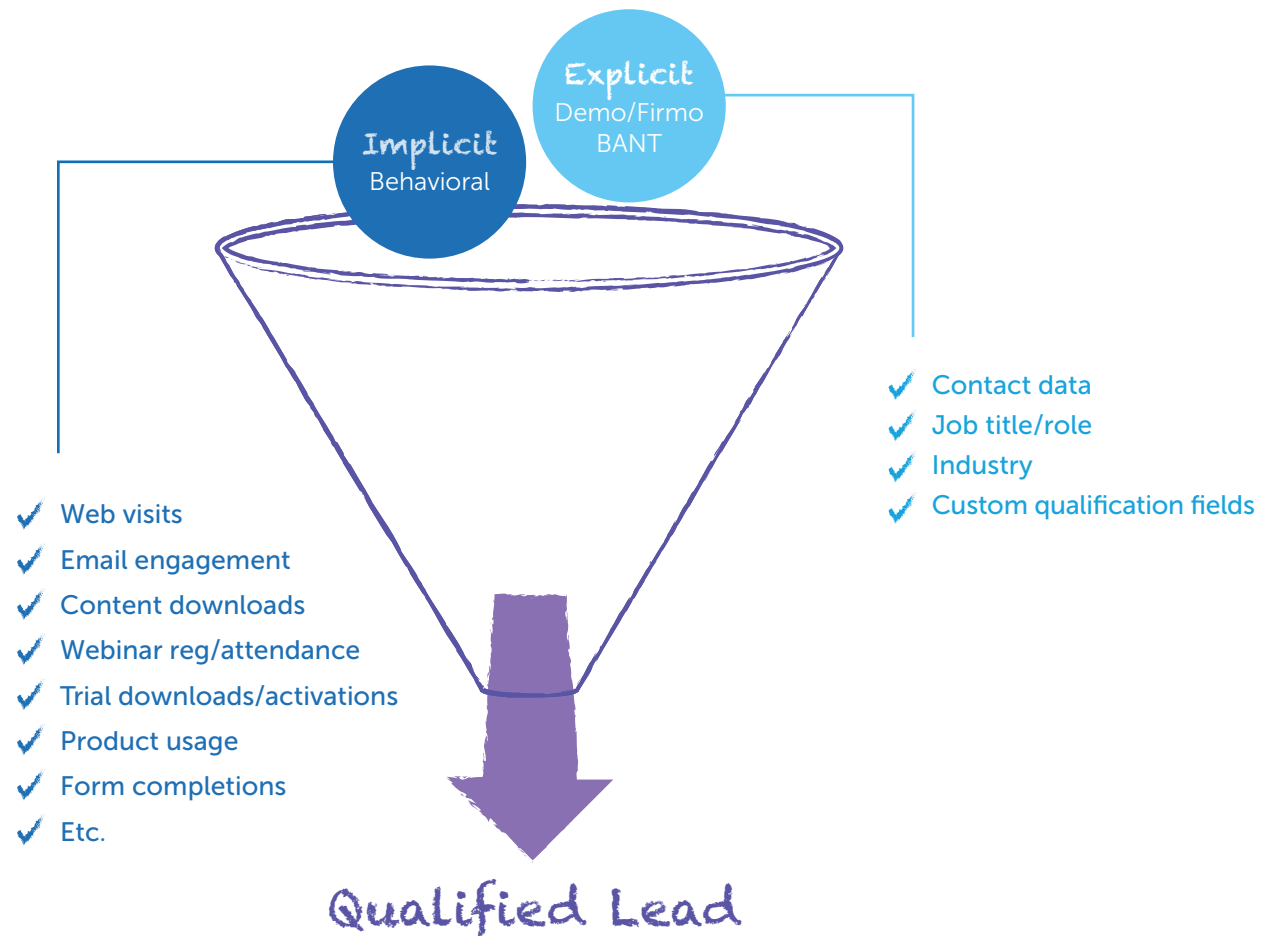**BANT (Budget, Authority, Need, Time)**

Determining lead fit, or explicit lead scoring, is based on observable or directly shared information—often collected via an online form or registration process. Demographics, firmographics, and BANT (budget, authority, need, and time) tell you how well a prospect fits your ideal buyer profile.

- Budget: Can this lead afford your product or service?

- Authority: Does your lead have the authority to purchase your product?

- Need: Is there a pain point that your product or service can solve?

- Time: What is your lead's purchasing timeline? And does that align with your sales cycle?

Consider scoring for negative demographic fit

You might choose to negatively score someone with a generic email address, invalid phone number, non-existent company, or the wrong buying role. After all, you want to focus your lead nurturing efforts on leads that could truly become customers. That said, keep in mind that businesspeople do not always share

accurate information on registration forms to avoid being harassed by sales reps who follow up before the lead is ready to talk to them. So, when you're gating your content, make sure that the information you're asking for from your prospects is worth the trade-off that you're providing them.

Explicit
Demo/Firmo
BANT

Implicit
Behavioral

✔ Contact data
✔ Job title/role
✔ Industry
✔ Custom qualification fields

✔ Web visits
✔ Email engagement
✔ Content downloads
✔ Webinar reg/attendance
✔ Trial downloads/activations
✔ Product usage
✔ Form completions
✔ Etc.

Qualified Lead

2 Align sales and marketing objectives

2. Lead Interest

Lead interest, often called implicit lead scoring, is scored by tracking your prospect's behaviors (e.g. online body language) to measure his level of interest in your product or solution. Interest scores tell you how attractive you are to a potential customer. Implicit lead scoring can also mean inferring additional information about a prospect based on the quality of data you've collected—like location of the prospect's IP address.

With the rise of predictive analytics, you can now also factor in their intent to purchase, allowing you to target the prospects who are most likely to become customers—right down to the product level.

Predictive analytics takes into account all available data from both internal and external sources (e.g., company's tech stack, hiring trends, social media activities, funding level, marketing automation, CRM, blog posts, third-party websites, social media channels) and applies machine learning to determine those showing the highest propensity to purchase the products and services you offer.

Predictive scoring even lets you segment companies by evaluating activities such as company growth, social network participation, technology usage, funding, and job data, to name a few. By combining this with all the other scoring elements (demographics, firmographics, and BANT), you get a truly comprehensive picture of buying signals. And as more organizations employ an account-based marketing (ABM) approach, predictive scoring adds a much-needed dimension to traditional scoring models.

Historical Data
- Win rate
- Deal size
- Etc.

Firmographic Data
- Annual revenue
- Employee size
- Etc.

4K+ Signals
- Social media activity
- Funding
- Etc.

2 Align sales and marketing objectives

Account Scoring

Just as you can score individual leads by lead fit and intent, you can score entire accounts the same way. An account score groups the individuals involved in a buying process and provides a group view of readiness to buy. You can use a sum, an average, or even a weighted average of individual scores, until the group reaches sales-ready status. This supports your sales team's efforts to target specific accounts—while empowering reps to focus on the ones that are most likely to convert.
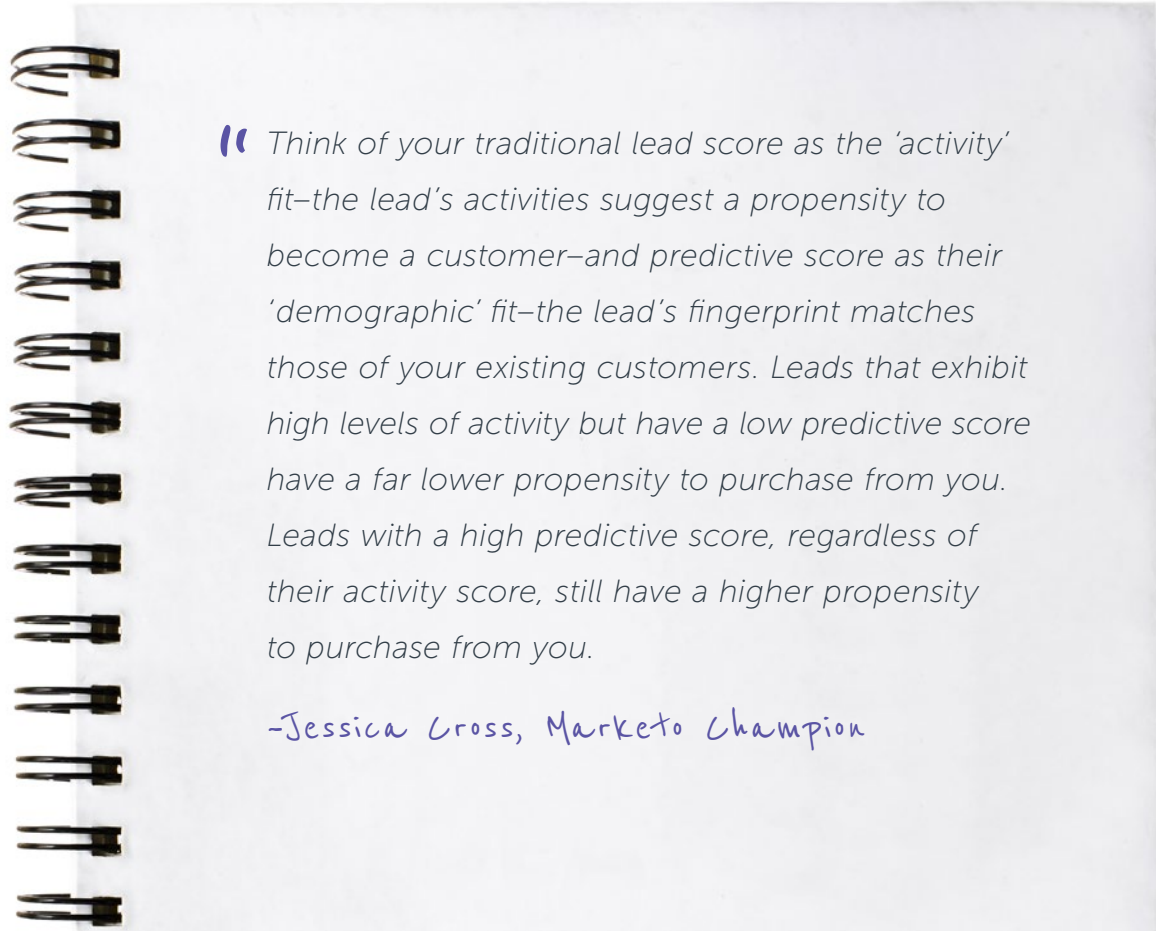
Effective account scoring must determine which individuals belong in the same account. You can group by accounts in your CRM system or use sophisticated marketing automation systems, like Marketo, to infer connections based on IP addresses and company names.

How to nurture and score anonymous leads

Anonymous leads are buyers who interact with your content or website before you have their data. With personalization tools, like Marketo's web personalization app, and marketing automation, you can actually identify attributes about anonymous visitors who come to your site.

Personalization software enabled on a website can detect the following information:

- Server's IP address
- Industry
- Company size
- Revenue
- Page visits
- Geo-location

" *Think of your traditional lead score as the 'activity' fit—the lead's activities suggest a propensity to become a customer—and predictive score as their 'demographic' fit—the lead's fingerprint matches those of your existing customers. Leads that exhibit high levels of activity but have a low predictive score have a far lower propensity to purchase from you. Leads with a high predictive score, regardless of their activity score, still have a higher propensity to purchase from you.*

–Jessica Cross, Marketo Champion

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2 Align sales and marketing objectives

3. Lead Behavior

Interest and fit are not enough. You need to track additional factors like behavior, which may include how recently and frequently a prospect is interacting with your company in some way (such as by downloading content, browsing web pages, or visiting your tradeshow booth). This will help you determine whether someone is an early-stage prospect that is just looking to be educated or entertained—or an active lead that is considering a purchase.

You can track these by asking the lead directly or through implicit factors.

For example, at Marketo, we have found that some behaviors highly correlate with prospects moving into a buying cycle. Take a look at the graphic below for a detailed view.

Latent Behaviors (Engagement)

• Early Stage Content **+3**

• Attend Webinar **+5**

• Visit any Webpage/Blog **+1**

• Visit Careers Pages **-10**

• Decay Inactivity **-1, -5, -10**

Certain behaviors indicate purchase intent

Active Behaviors (Buying Intent)

• Pricing Pages **+10**

• Watch Demos:
  – Overview **+5**
  – Detailed **+10**

• Mid-Stage Content **+8**

• Late-Stage Content **+12**

• Searches for Branded Keyword "Marketo" **+8**

By scoring and identifying "active buying behaviors," you can be more relevant when you nurture and follow up with your leads. If someone shows a high score but low buying intent, you need to send more education content in your nurturing campaigns. But if someone shows high buying intent, you can fast track her to sales and skip the nurturing.

Scoring Demographics—Our Example

Attribute	Value	Scores
Critical: (10-15 points)		
Title	Director or VP	+12
Industry	Healthcare, Financial, or High Tech Industry	+10
Purchase Authority	Decision Maker	+15
Company Revenue	Greater than 500 million	+10
Product	Using competitive solution	+15
Timeline	Identified, less than 3 months	+12
Important: (5-9 points)		
Location	US	+8
Company Revenue	100 million to 499 million	+8
Title	Manager	+7
Timeline	Identified, more than 3 mo., less than 8 mo.	+5
Influencing: (1-4 points)		
Location	English Speaking, Non US	+4
Timeline	Identified, more than 8 mo.	+3
Title	Analyst, Coordinator, or Specialist	+4
Company Revenue	Less than 100 million	+1
Negative:		
Title	Student	-15
Title	Consultant	-5
Industry	Services	-6
Industry	ecommerce	-10
Location	Non English Speaking Country	-10

Sample explicit lead scoring model

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2 Align sales and marketing objectives

4. Buying Stage and Timing

The final dimension to determine if your leads should be fast-tracked to sales or nurtured by marketing is their buying stage and timing. Essentially, buying stage and timing are meant to gauge where a lead is in her sales cycle—has she just begun the research process or is she ready to make a decision?

Through behavior and other factors, you can determine if a lead is close to making a purchase decision or if she needs to be nurtured further.

Augment your data

Sometimes, you won't have all of the data you need to score your leads appropriately—particularly if you are importing a lead list from a webinar or event. Using a data augmentation service can help you fill in the gaps so you can score and segment better. Data augmentation can also be more accurate, as people often share inaccurate or misleading information on forms.

Data augmentation services can help enrich the following data:

- Email
- Phone number
- Role
- Title
- Company name
- Company size
- Social profile information
- Technology selection
- Browsing details

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3 Create scores

Now that everyone on the team has identified the critical, important, and influencing factors that should affect your lead score, it's time to create the lead score itself. First, compare the suggestions by each of the team members. Is everyone on the same page? Make a list of the agreed-upon factors and assign a score to each. Discuss any differences so that the best scoring model can be created.

The next steps include:

1. Establishing a lead methodology (e.g. using points, letter grades, or the terms "hot," "warm," and "cold").

2. Determining a score threshold that will indicate a "sales-ready" lead.

3. Assigning lead scores according to explicit data such as demographic and BANT attributes.

Remember: Some data points will likely carry more weight than others. For example, if a student downloads one of our ebooks, we know that she isn't going to purchase a solution from Marketo. While she will be able to download the ebook, she won't be passed along to sales.

Start with simple demographic score ideas and ensure everyone contributes. You can test your lead score definition by running reports of actual leads accepted by the sales team and see if they mirror your high-quality lead definition. If not, then simply revisit the behaviors and demographics that did contribute and adjust your definition.

Scoring Behaviors—Our Example

Behavior	Scores
Critical: (10-15 points)	
Visits pricing pages	+10
Downloads Marketo reviews	+12
Timeline < 3 months	+15
Watches demos	+5 overview demo +10 detailed demo
Important: (5-9 points)	
Downloads buyers guides	+8
Downloads data sheets	+8
Searches for "Marketo"	+8
Heavy web activity	+5
Influencing: (1-4 points)	
Watches any webinar	+4
Downloads any white paper	+2
Watches any video	+2
Visits any web page	+1
Bad Behavior: (negative points)	
Email unsubscribe	-10
No website activity for one month	-5
Added to "Do Not Call" list	-5
Negative social media comment	-4
Visits career page	-2
Visits investor page	-2

Sample implicit lead scoring model

4 Fine-tune to get it right

Before you launch your new scoring system, test it on existing pipeline leads and opportunities. Here's how to set up your own test:

- Take a random sample of records in your company's CRM system (open opportunities, closed lost, etc.).

- Examine each contact's demographic characteristics and activity records.

- Assign each record a score based on the new lead scoring criteria.

- Examine the percentage of your sample that would qualify as a sales lead.

If your ideal prospect is a Marketing Director at a Fortune 500 company who attended a product-specific webinar, then a combination of those attributes should equal, or exceed, the threshold-point barrier to qualify them as sales-ready.

Think about the data trifecta

Here are the three areas to consider when scoring leads:

1. **Demographics:** Do your leads match your target personas?

2. **Intent:** Do these leads show a propensity to purchase?

3. **Velocity:** Where are these leads in the purchase process and how fast are they moving through each stage?
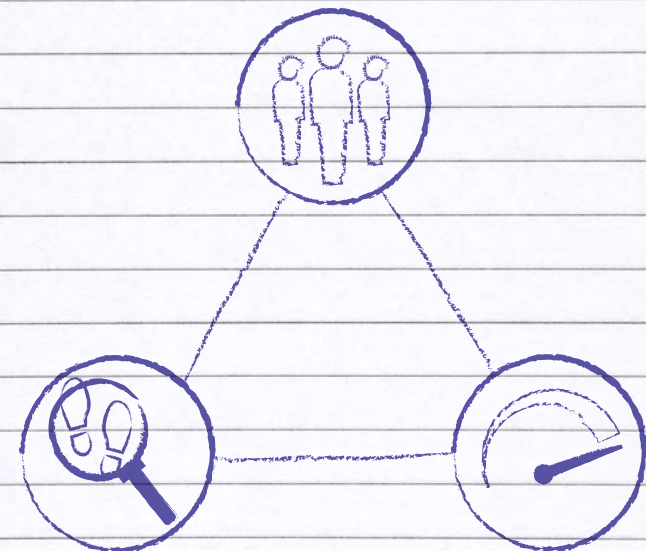
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Putting Lead Scoring Into Play

Make sure you integrate lead scoring into your broader marketing efforts.

These days, that likely includes content marketing and social media. While both content marketing and social media are already essential tools, lead scoring boosts their impact, transforming seemingly random actions into defined, sales-ready buying patterns.

Score Content

Remember when scoring content, take into account how the content is consumed. It's an immensely valuable way to understand buyer behavior. Here are some examples of content you can apply scoring to:

- Articles
- Blog posts
- Press releases
- Product data sheets
- Books/ebooks
- Brochures/manuals

- Reference guides
- Case studies
- Resource libraries
- Email
- RSS/XML feeds
- Direct mail

- Images
- Videos
- Information guides
- Webinars/webcasts
- White papers
- Online courses

- Widgets
- Podcasts/videocasts
- Workbooks
- Microsite/Web pages
- Trade show collateral

Point Attribution for Content

	Content	Less Point Attribution	More Point Attribution
	Webinar	Registering for the webinar	Watching the webinar
	Demo	Viewing the demo web page	Watching the demo
	Ebook	Downloading the ebook	Clicking a link from inside the ebook
	Email	Opening the email	Forwarding the email to a friend
	Widget	Interacting with the widget	Putting the widget on the prospect's website

Putting Lead Scoring Into Play

To score properly on social media interactions:

- Use a social media-monitoring tool, whether it's a free tool like Salesforce for Twitter, or a more comprehensive option like Visible Technologies or Radian6. Another option is to manually capture data and enter it into your marketing automation system.

- Pass data from the monitoring tool into the CRM or marketing automation system.

- Understand how interactions in social media affect the buying process and customer lifecycle.

Like other behaviors, social media interactions should not be scored equally. Someone who tweets on industry issues can't compare to someone who posts on your Facebook Fan Page that they're interested in buying your product.

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Putting Lead Scoring Into Play

What Does Lead Scoring Look Like?

Here's an example of an account lead-scoring model focused on small and medium-size businesses in North America. With this model, marketing and sales can see that by focusing on grade A accounts, the likelihood to close a deal is **7x** over current baseline.

North American SMBs

	Score	% of Accounts	% of Revenue	Lift	Average Deal Size
A	95+	10%	52%	7.2 X	$35,000
B	75-95	19%	28%	0.5 X	$19,000
C	50-75	23%	10%	0.1 X	$15,000
D	0-50	48%	10%	0 X	$14,000

Account scoring model

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Lead Scoring is Not a Set-it-and-Forget-It Exercise

As soon as you start seeing results, you should be revising your scoring and associated processes.

You must optimize your lead scoring for the changing market dynamics, new products, etc. A prerequisite to ensuring that your lead scoring evolves appropriately is to meet with sales to review and update the most accurate scores. In those meetings you'll want to:

- Review scores of won and lost opportunities. Did your top prospects have the top scores?

- Look closely at high scoring leads that don't turn into opportunities. What can you do to improve scoring to prevent the wrong leads coming through with a top priority score from marketing?

- Look at demographic segment scores for region, title, and company to see if scores are improperly adjusted.

- Look at online behaviors to ensure actions taken by your best leads are properly scored.

Frequent feedback between marketing and sales allows you to analyze and adapt the lead scoring system based on what has been learned and helps develop a shared idea of how to improve it.

As part of the feedback loop, define a process for negotiating issues and changing scores. And send out regular emails that share the status of the lead score methodology and any planned changes.

"Sales' happiness is often the key benchmark for lead scoring effectiveness."

–Laura Cross, Research Director, Demand Creation Strategies, SiriusDecisions

Automate for Scoring at Scale

Because lead scoring is more a science than an art, it's important to apply technology to the methodology.

Doing so allows you to make short work of scoring on hundreds, thousands, and even millions of data points. And marketing automation is designed to do just that. Plus, the most advanced marketing automation systems integrate seamlessly with CRM to help ensure smooth processes around alerting sales, enforcing service level agreements around lead follow-up times, and recycling leads for further nurturing.

Perhaps most importantly, marketing automation-powered lead scoring can reduce the number of leads passed to sales. That means fewer poor-quality or premature leads will be handed off. Instead, marketing can nurture relationships with leads that aren't yet ready, freeing the sales team to focus on those that are.

As you evaluate your options, look for a marketing automation solution that supports:

☐ **IP lookup**—by inferred company and geocoding by zip code, state, region, and so on.

☐ **Multiple lead scoring models**—to track interest and engagement for multiple products or businesses.

☐ **Separate lead scores for lead demographics and behaviors**—implementing this kind of lead scoring raises sales productivity and drives higher revenues in a way not possible when only using demographic scoring.

☐ **Predictive analytics**—to account for propensity to purchase.

☐ **Decay score**—based on inactivity, sales recycling, or other behavioral triggers.

☐ **Advanced data sync**—offers the ability to immediately synchronize your marketing database with CRM opportunities, activities, campaigns, and custom object information so it's available for scoring.

☐ **Visual display**—lead scores displayed as visual icons are usually easier to interpret than numbers.

☐ **Drill down**—allowing marketing and sales to understand the activity that contributed to a score makes scores more trustworthy.

☐ **Weighting**—Assigning different weights to each scoring attribute ensures the right leads is passed to sales at the right time.

☐ **Automatic degradation**—automatically decreasing a lead score due to inactivity is just as important as increasing it due to activity.

☐ **Multiple lead scores per lead**—Multiple lead scores gauge different levels of interest across product lines and categories where relevant.

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Conclusion
Get Ready to Score More Sales!

With lead scoring, you can automatically qualify leads based on a variety of criteria that help you gauge a prospect's interest in your offerings and where they are in the buying cycle. You can even predict the individuals and companies most likely to purchase your products and services. By tracking each of these factors and assigning appropriate weights to each, you get a comprehensive view of prospect interest and engagement.

The bottom line? When you invest in lead scoring, you make the most out of every lead that enters your database—and the most of your marketing and sales resources. And that translates into more successful marketing campaigns, more effective lead nurturing, more and better quality sales leads, and higher conversion rates and revenues.

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Marketo provides the leading engagement marketing software and solutions designed to help marketers develop long-term relationships with their customers - from acquisition to advocacy. Marketo is built for marketers, by marketers and is setting the innovation agenda for marketing technology. Marketo puts Marketing First. Headquartered in San Mateo, CA, with offices around the world, Marketo serves as a strategic partner to large enterprise and fast-growing small companies across a wide variety of industries. To learn more about Marketo's Engagement Marketing Platform, LaunchPoint® partner ecosystem, and the vast community that is the Marketo Marketing Nation®, visit **www.marketo.com.**