

7 Critical Success Factors for New Business Development

What you need to consider before starting a lead generation programme.

Introduction

Let's face it, new business development is the life-blood of many companies, from start-ups needing to drive growth to business services firms needing to replace projects just to stand still.

So, it's essential that you continually find new business opportunities to avoid the “feast and famine” problems experienced by many companies.

But, before you rush in and start a “quick fix” marketing campaign, take just a few moments to consider the 7 Critical Success Factors that I cover in this report.

Over the last 16 years, I've run *hundreds* of individual lead generation campaigns.

And, whilst direct marketing tactics, such as telemarketing or email marketing, are still effective, you need a more targeted, integrated and intelligent approach to deliver results in today's business environment.

Digital channels & online search have shifted the buying process; the exponential rise in SPAM has made building a “permission asset” essential; and social media is rapidly changing the rules towards a more viral, content orientated approach to business-to-business marketing.

The secret to generating real results is in the planning & preparation done *before* you start your campaign.

In this short report, I'll show you the 7 Critical Success Factors that you need to consider.

Spending a little time thinking through each one will significantly improve your results.

The Critical Success Factors are:

1. Long-Term Relationships

One of the most common mistakes that businesses make is to think solely in terms of “quick hits”.

Rapid return-on-investment is, of course, a critical consideration in any sustainable prospect marketing campaign; but you should also be thinking long-term.

Tactics such as email marketing can be effective at capturing “low hanging fruit” but, like more traditional direct mail, their conversion is often measured in single digit percentages.

If you’re targeting a relatively small data-set (measured in hundreds of companies for most high-value business services firms) that will mean most of your target audience will remain untouched.

Also, the reality is that, for your particular proposition, you’ll find that a certain percentage of people:

- a) will want it now.
- b) may be interested at some time in the future
- c) are not interested, and possibly never will be.

Utilising higher-touch marketing tactics, such as telemarketing, allows you immediately get feedback on interest and to develop an ongoing and relevant dialogue with the people in categories a) & b).

If you start a prospect marketing campaign solely to find the people who are interested now, you could potentially exclude a larger pool of future potential clients *plus*, you’ll simply be throwing away a significant portion of your budget.

Though it may seem a simple point, this is the most expensive mistake you can make.

Filtering a list of 500 companies into 50 that are “interested right now” will mean that you lose the 100+ who could be developed into profitable customers in the future.

Thinking in terms of developing long-term relationships with people who are “not interested right now” will force you to think about “how do we keep in touch with these people” and therefore consider some of the other critical success factors outlined below, such as integrated marketing tactics.

2. Targeting Your Sweet-Spot

I’ve lost count how many times I’ve spoken with a potential client and, when I ask them “Who is your ideal client?” they say “Oh, it could be anyone really, we are pretty much cross sector”

If that sounds like you let me get straight to the point: “You’re wrong”

Every business has a sweet-spot. It’s that client with that particular problem or situation who, when you meet them, a little voice inside your head says, “*this one’s mine...*”

That’s what I’m talking about...your ideal client. You already know who they are, because you’re already dealing with them.

The best way to target new business is to target prospects that *look like* the ones you already deal with. You need to spend some time thinking about this, understanding how they're different, what problems they have, what industry they're in, how big they are, etc.

If you target the people who are *right in your sweet-spot*, you'll convert far more into new business.

Why? It's because your credentials will have the most currency with these prospects. As soon as you stray outside your sweet-spot you'll find it harder to open doors and harder to close the business.

Also, take some time to think about *who you really want to do business with*.

I forgot to mention, that's the really cool bit about prospect marketing ...you get to choose who you do business with.

This is a critical but often over-looked factor; when we facilitate strategy sessions with clients we're interested in what type of client would be ideal for their broader business aspirations.

Are you looking for a marquee account to put your brand on the map? Do you want to target large accounts that have scope for growth through up-selling and cross-selling services?

A business owner seeking to build value for an exit will have a different outlook to one which is essentially running a life-style business. The former may wish to target large name accounts that help accelerate market share; the latter may want to target lower tier companies where the competition is less fierce.

The key point is to only targeting the right prospective clients for your business.

3. Building Your Wish-list

So, you know who you want to target, the next question is, “how do you find them?”

The question of whether to buy a list or build one depends on who you are targeting. For most companies, I've found, it's a combination of the two; you buy a generic list which is filtered with basic criteria, such as Standard Industry Classification (SIC), turnover, number of employees, etc, and then you need to further qualify the list by research. This can sometimes be done by online research methods, but typically it's done by phone.

This may be undertaken by another desk research resource, or done by the same person who will be running the new business campaign.

Quite often the ideal list just doesn't exist and you have no alternative but to build your own as part of the prospecting process.

If it takes two or three calls to qualify and build a targeted list, then there will obviously be additional costs and time added to the campaign before you can expect any real results.

When you consider this you can appreciate how critical it is to know who you are targeting; investing all this resource only to find it's the wrong type of prospect is a waste.

Once you've built the list it's critical that the data is managed effectively in a database or CRM tool.

This enables you to build on your investment by capturing all conversations with each prospect. Remember, your focus is developing long-term relationships with each or your targeted prospects.

One mistake I've seen countless times before is where a company runs a campaign, gets a few leads, drops it, and leaves the money on the floor.

Treat each prospect as *gold-dust*. Investing in a well researched, qualified & managed list is the foundation on which you can grow your business.

4. Differentiate or Die

The title for this critical success factor is from Jack Trout's excellent book of the same name¹.

If you want to open up new accounts then the reality is, in the prospect's mind, all your communication will be filtered and compared against what they are already doing.

In essence, you need to clearly differentiate against the incumbent competitor.

It's worth noting here that the incumbent may not necessarily be a direct competitor; it could also mean an alternative way of doing things.

Invest time thinking about what makes you different. For many business services firms a large part of this is your expertise and values. Think about how do you do things differently to the competition.

A good idea is to look at your client testimonials. Often you see the same language emerge and a clear message of why you're different.

And this approach naturally re-enforces our second critical success factor on targeting your sweet-spot.

By clearly communicating why you're different you make it easier for prospects to understand where you can add value to them.

¹ Differentiate or Die: Survival in Our Era of Killer Competition by Jack Trout & Steve Rivkin. Publisher: John Wiley & Sons; 2nd Edition (7 Mar 2008) ISBN-10: 0470223391

5. Lead Qualification

It always surprises me when we're asked to generate leads without any thought to what a “lead” really is.

Qualification is the cornerstone of a good new business campaign. Leads need to be correctly qualified and a process in place to determine how they are sorted and dealt with.

I ask the question, “When is a lead *Sales Ready?*”, that is, when is it appropriate for your Business Development Director or Partner to be involved?

Understanding the criteria is essential.

Passing through leads which still need to be developed wastes time (and money) and starts to devalue the relationship with your prospecting team. Before long you'll be groaning “not another rubbish lead” and toss a hard won opportunity to one side (I've seen it done so many times, both agency and client side).

The basic criteria to clearly understand are:

- a) **Authority**
- b) **Interest**
- c) **Money**
- d) **Timescale**

By the way, you can remember this with the mnemonic AIM-T; think about it as taking aim at the target.

Understanding the ideal criteria for your business is essential, but it's not always obvious.

For example, if your engagement process requires a high-level of influence earlier on in the long sales cycle, you may decide that a short-timescale opportunity is simply too near-term to qualify. If the brief or RFP's are out and you're coming in just to “fill in the numbers” then it's probably too late.

Also, think about your own business development capabilities. If you have a strong team with a robust engagement and follow-up process then you may decide to qualify purely on Authority and Interest first to get prospects into your funnel.

At the other end of the spectrum, if you're a business owner pressed for time you may wish to only deal with leads that have clearly defined budget and timescales.

A word of warning here – if you ask your agency to apply very strict qualification criteria *expect them to produce very few leads*, and sometimes even none.

If they do this, remember they are saving you wasted time & money. We worked on one campaign where we applied very tight criteria and came up with a trickle of leads.

But, our client had an 87% close ratio – *it's all relative*.

The critical aspect here is to think about quality over quantity. Going for a high number of poor quality leads will just make you a busy fool.

6. Integrated Marketing Tactics

Did you know that telemarketing and targeted emails support each other more than any other combination of direct marketing?

It's always surprised me that the majority of agencies have built their entire business model on a single model of communication, whilst the rest of the business world has rapidly adopted email as the preferred method of business communication.

Consider this – on a recent campaign to open doors with senior executives 92% of the meetings we set up for our client were done entirely by email. Now, I'm not talking about mass-email campaigns; I'm referring to a telephone call to uncover details for the right person (often through their PA) and then by sending a hand-crafted email that clearly communicates your positioning and why they should have a meeting - *92% by email*.

The key thing to remember is that you should not restrict your prospect marketing to one channel; you want to integrate different marketing tactics in an overall campaign.

Going back to my first point about developing long-term relationships: how do you nurture those “not right now” prospects?

By thinking about that before you start a campaign you can put in place the processes to capture email addresses, build an opt-in database (sometimes called a “permission asset”) and nurture leads by planned email campaigns.

Better still, you can track any “click-thru” on your emails and then get your telemarketers to follow them up.

Email, search-engine-marketing (SEM), events and, increasingly, social media marketing are all viable tactics that should be integrated to support your new business development effort. Studies show that multiple integrated modes of direct marketing increase response rates and ROI.

7. Pipeline Management

Getting a steady flow of qualified leads is great...but what do you do next?

New business development should be seen as process rather than an event. Building and managing a pipeline is critical to your success.

Before engaging an external agency, it's worthwhile thinking about how you will handle the leads and what are the different steps you need to take in *your* business development process?

Whilst it may be simpler to just say, “You give us the leads & we'll close them”, the reality is that you need to build in closed loops and integrate the *prospecting* function of your agency with *sales execution*.

Building closed loops between your sales function (whether that's a business development team or just you as the business owner) and your agency enables you to both refine the prospecting process and improve qualitative results. In addition, you want to establish a mechanism to re-cycle lost or stalled deals back into a lead nurturing process.

There's a temptation in business development to “move on” when you've lost a deal. The reality is that these “pitched & missed” prospects have already developed a relationship with your company and are therefore strong contenders for future opportunities.

You may want to consider outsourcing this pipeline management process to your agency. We have found this is particularly useful for business owners who are great in front of prospects but all too often “take their eye off the ball” and let regular contact slip.

By working closely with your business development agency, through closed loops, recycling lost deals, and maintaining a contact strategy to nurture leads, you will significantly improve overall results and ROI.

Summary

If you want to maximise the return on your prospect marketing campaign then you need to think about the 7 Critical Success Factors I have outlined in this report.

- 1. Long-Term Relationships** - plan to nurture long-term relationships and capture future as well as immediate prospects
- 2. Targeting Your Sweet-Spot** – think about who your target clients are and who you want to work with
- 3. Building Your Wish-list** – invest in finding prospects that match your sweet-spot
- 4. Differentiate or Die** – clearly communicate how you're different to effectively position your business in the prospect's mind
- 5. Lead Qualification** – decide what a qualified lead really is

6. **Integrated Marketing Tactics** – combine different marketing channels to increase response rates and ROI
7. **Pipeline Management** – put in place the process & closed loops to improve quality and recycle lost or stalled deals

By considering these factors, you will get some immediate results *plus* you'll also start an ongoing and effective process of developing relationships and building a pipeline of potential new business.

About the Author

David Regler runs Maine Associates Ltd, a business development consultancy delivering lead generation and outsourced sales programmes to drive profitable revenue growth.

Office: 0845 652 0697

Mobile: 07981 516304

Email: david.regler@maine-associates.com

Web: www.maine-associates.co.uk

Copyright © 2006 David Regler

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, recording or otherwise, without the prior written permission of the author.