High Impact Lead Generation – Increasing Your Competitive Advantage

A Best Practices Guide from Harte-Hanks

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* based on Harte-Hanks Lead Generation Results 2002-04

Introduction

Knowing who, why, when, and how your customers buy is the essence of bringing the right solutions to the market.

Qualified leads are the lifeblood of your sales activity and a critical component in determining the success of your salespeople. An innovative lead generation and delivery program is also one of the most effective ways for a marketing department to distinguish itself.

Effective lead generation programs consist of many components, which must all be addressed to assure success. This guide documents best practices in each of these critical areas and is based on the results of over 150 lead generation solutions that Harte-Hanks has completed for leading technology companies during the past two years.

What's a Lead?

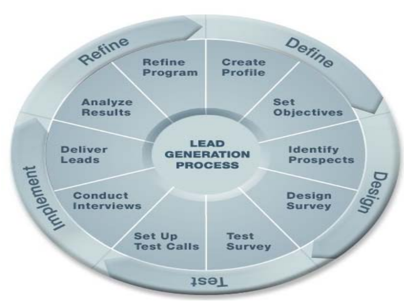
It's always best to start at the end and decide what type of information is needed to bring you closer to the sale. There's no such thing as a *typical* lead. Classifications of leads may include appointments, face to face discussions, conference calls, seminar recruitment, contact discovery, event registration, information gathering, etc.

The wide spectrum of "leads" our clients ask us to deliver drives the key decisions that go into building tailored lead generation programs. The information you want impacts:

- The type of script designed
- The time required to collect this information
- The support systems needed to implement the program
- Program cost
- Success rate and resulting return on investment

A Proven Guide to Creating Successful Lead Generation Program

Harte-Hanks has developed a proven process that not only delivers leads quickly and efficiently but is designed to achieve optimum results. This guide walks you through our best practices approach…



Step 1: Create Campaign

Overview
Creating a lead generation campaign begins with identifying detailed information on the products/services offered, tactics used, qualification criteria, determine success metrics, and description of target audience.

Once the needs have been clearly established, a customized solution needs to be developed that draws upon the breadth and depth of our services. An integrated direct marketing solution may for example include a combination of telemarketing, email demand generation, phone survey, email follow up, and a webinar.

Step 2: Set Your Program Objectives

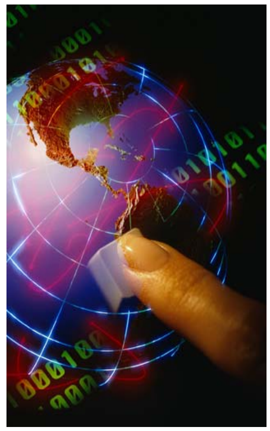
Overview

Goals on call center performance metrics, such as conversion into certain lead types, data accuracy, and leads per hour, should be jointly determined.

The scenario below shows the number of leads to be generated based on a 13% completion rate calling into a sample of 2,519 records. The assumptions used are 10% conversion rate of completed interviews to hot leads and a 10% close rate from customer list.

Hot lead percentage is an estimate used by Harte-Hanks for the purpose of calculating a gross ROI. These numbers can vary greatly by industry as well as by the marketability of the offer being presented.

	13%
Number of sites	2,519
Completion rate	378
Number of hot leads	38 (10%)
Close rate	4 (10%)
Average sale	$100,000
Estimated revenue	$400,000
Cost of program	$17,500
Gross Return on Investment	$382,500



Sample Requirements Over a 12 Month Campaign

	Aug ‘01	Sep ‘01	Oct ‘01	Nov ‘01	Dec ‘01	Jan ’02	Feb ’02	Mar ’02	Apr ’02	May ’02	Jun ’02	Jul ’02	Total
# Sales Reps (32)													
Leads/Mo. (5)	160	160	160	160	160	160	160	160	160	160	160	160	1,920

A. Assumptions:
Leads to Completes 20%
Completion Rate 20%

Required Sample	4,000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	48,000

B. Assumptions:
Leads to Completes 25%
Completion Rate 20%

Required Sample	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	38,400

C. Assumptions:
Leads to Completes 30%
Completion Rate 25%

Required Sample	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	2,134	25,608

Lead rates as well as completion rates vary for a variety of reasons and vary not only among product categories but also within the same product category. These are estimates only and do not represent actual results. Actual results may be higher or lower.

Completion rate is the percentage of completed interviews from the total calling sample. Leads to completes rate is the percentage of completed interviews that qualify as leads. The number of leads generated is dependent upon the definition of a qualified lead, i.e., how loosely or narrowly one defines a lead. Other considerations are demand for the product, the price point of the product, market conditions, the level of contact you are trying to reach, and the source of the calling sample.

Step 3: Identify Your Prospects

Overview

At Harte-Hanks, we create a targeted calling sample from the CI Technology Database™ (CITDB) or from a client list or third-party vendors list. The identification process, more often than not, takes advantage of our CITDB database because:

- We've profiled the technology infrastructure at over 700,000 locations worldwide to put you closer to the technology purchase opportunity than any other source.
- We've identified over 1.5 million technology decision makers and influencers so you know exactly who you need to target. No one connects you with a more important purchasing base.
- You get blanket coverage of the technology space. Up to 350 technology and demographic fields are profiled across 12 major technology areas.

- ❑ Best Source Data: Hundreds of technology and demographic attributes available in the CI Technology Database allow us to quickly identify high value prospects to segment
- ❑ Database Matching: Match existing customers and named accounts for enterprise penetration and to identify new prospects
- ❑ Profile Analysis: Profile customers vs. non-customers based on various demo- and techno-graphic variables to discover key trends
- ❑ Best Prospect Scoring: Identify best prospects by conducting Tree and/or Regression Analysis. Prospects are scored based on the interaction of multiple variables with the goal of getting closer to high value opportunities

Customer Look-a-Like Modeling

Harte-Hanks can conduct customer look-a-like modeling to identify best prospects to target in a lead generation campaign. By analyzing companies that are already good customers we can identify more companies that "look like" them and target efforts towards these prospects first.

Pre-Qualify Companies

Targeting companies based on their industry and size isn't really targeting; it's wishful thinking. If you want to reduce your team's calling hours (typically the most expensive component of lead generation) and increase performance, you must narrow your sample by applying more advanced targeting criteria. These criteria may include:

- Technology installed at the company that complements your products and solutions
- Whether a company is part of a larger corporation
- Technology purchasing decisions: Are they made locally or elsewhere in the company?
- Is the company's IT infrastructure growing or contracting?
- Previous buying history with your company
- Competitive install status

Pre-Qualifying Specific Contacts

Once you've narrowed the number of specific companies you want to target, you need to go one step further and isolate the types of decision makers or key influencers that you want to reach. You'll waste phone time by simply connecting to the front desk receptionist or requesting to speak with the senior manager at the location. Targeting managers with specific lines of responsibility will tell you much faster whether you've identified a potential lead or need to go on to the next company.

Harte-Hanks Lead Generation Best Practices
Programs utilizing more advanced sample pre-qualification require, on average, five times fewer calls to reach a qualified contact than those that utilize company size and industry only*.

As with pre-qualification, if you take the time to clean your file before you call, you'll have fewer false starts, less phone time, and reduced calling expense. Good data hygiene takes many forms and results from a thorough review of your sample before you call to ensure:

- Duplicate records have been removed
- Incomplete records have been enhanced or removed
- External lists have been matched to your existing client/prospect lists to eliminate duplicate records and guarantee that you're not paying for information you already own.

Harte-Hanks' Commitment to Quality
The delivery of the highest quality content is the prime operational objective of the market intelligence unit of Harte-Hanks. Extensive programs are in place to drive four different "types" of data quality:

- Currency
- A Complete and Accurate Technology Profile
- A Dynamic Technology Profile
- A Relevant Profile

Currency
Harte-Hanks realizes that the frequency of interviews—currency—is a prime driver of accuracy and completeness of CITDB, and we're proud that as of September 2004, 87% of all sites in the CITDB have received at least one of our interviews during the previous 12 months.

Currency and Accuracy
Currency metrics must be viewed in the proper light. Specifically, currency is a statistic based on an arbitrary point in time. When a site interview date moves past that point in time (e.g. 12 months), the content is still of high quality and high value and more detailed than any other source available. There is a difference between currency and accuracy.

A completed interview is only valuable if the agent identifies a respondent who is both willing and able to provide the correct and complete answers to the extensive line of questions in each CITDB interview. Currency drives quality, but so does completeness.

Harte-Hanks' employs a variety of strategies to ensure the completeness of each interview and resulting CITDB profile.

Harte-Hanks Lead Generation Best Practices
- On average, 10-15% of all records from external sources, used in Harte-Hanks lead generation programs, are duplicate records and must be removed from the calling sample.
- On average, another 10-20% of the records from external sources, used in Harte-Hanks lead generation programs, are misplaced and must be corrected or eliminated from the calling sample.

- Find an external content provider who guarantees the quality of their data. Harte-Hanks offers a 95% deliverability guarantee on companies or names pulled from its databases.*

Step 4: Designing Your Script

Overview
An effective lead generation script typically consists of 12 questions and no longer than 5 minutes in duration. Scripts are developed with the delivery method in mind.

Harte-Hanks has collaborated with hundreds of clients to develop effective lead generation questionnaires. Our research has uncovered an optimal structure that can be applied to your specific situation. The 5 components of an effective script include:

> <u>Navigation</u>: Gets through to the right person and confirms responsibility
> <u>Introduction</u>: Establishes credibility, relevant to clients, and respects their time
> <u>Body</u>: Records actionable information through a business discussion not a survey
> <u>Close/Rebuttal/Close</u>: Gains commitment and embraces rejections
> <u>Establishing Follow Up</u>: Communicates next steps in a clear manner

Each completed interview needs to be classified based on your specific criteria which typically includes budget, authority, need, and timeframe (BANT). Leads are then delivered online (or method of your choice).

Use Trusted and Tested Survey Techniques
Effective survey design is both an art and a science. There are clear "dos" and "don'ts", but the nature of the information you're trying to collect and the contacts you're targeting also requires flexibility in the scripting tools utilized and how specific questions are asked.

Harte-Hanks Lead Generation Best Practices
Harte-Hanks' extensive experience in script design points to these best practices:

- Closed ended questions that force respondents to make choices yield the best results. Avoid "don't know", "no opinion", and "indifferent" responses. Ask for definitive opinions.
- Similarly, odd-numbered scales encourage respondents to select the "mid" value, which is the same as "no opinion".
- Use a survey tool that allows for branching— flow of questions or possible responses based on answers to previous questions.
- Don't let your callers stop at "he/she no longer works here". If you've qualified the company and find that your targeted contact no longer works there, ask for the person's replacement or another qualified respondent.

Step 5: Test

Overview
What looks good on paper doesn't always translate to leads on the phone. Testing is required to uncover the "hard" questions, but testing also highlights other issues that will impact results:

- Does it produce leads, does it flow, and does it represent the company effectively
- The use of "internal speak" (company jargon) that prevents respondents from understanding questions that might make perfect sense to you
- Gauging actual interview time to establish the number of callers and time to complete your project (an early indication of the results you can expect)
- The time it takes to reach the intended person
- The ability of the targeted contact to answer all of your questions. Is the information you want obtainable?
- Verifying the proper order and branching of questions
- Identification of other relevant topics (based on test respondents' answers) that were originally omitted

Our clients have the option to assess calls before finalizing the program and expending valuable time in the field. Once the script has been finalized, we recommend mobilizing a highly experienced team of callers quickly and efficiently. This will allow your sales force to spend their time closing sales, not qualifying leads.

Harte-Hanks Lead Generation Best Practices

- Harte-Hanks has found that the most effective way to evaluate your script is to tape at least five completed interviews during the test phase and review these recordings with all project stakeholders including client sponsors, actual users of the results (if possible), call center supervisors, and callers during training.*
- Our approach to testing almost always pays off:
  - 33% of the content in **some** scripts requires changes before implementation
  - 33% of the script content is **typically** changed as a result of the tests
  - 33% of all scripts that we test require **significant** changes before implementation

Step 6: Integrated Direct Marketing

Overview Strategic Planning Custom Solutions

Integrated Direct Marketing is the methodology of orchestrating marketing processes to achieve precise, synchronized, and highly accountable deployment of media and field sales to:

- increase market penetration with highly targeted data
- increase efficiency of direct marketing, telemarketing and field sales
- reduce the costs of sales with ROI

To win on today's marketing battlefields —you need a partner that offers the full spectrum of services and information-based strategy across all media — from traditional to interactive — to attain optimal results for clients through multiple touch points.

Just as one individual's needs differ from another's, so the needs of your business differ from other businesses. At Harte-Hanks, we work with you to provide a solution exclusive to your needs, including:

- Strategic direction setting
- Market/company analysis
- Media synergy increases aggregate response
- Demographic analysis
- Comparative analysis
- List acquisition

Step 7: Training Agents

Overview
Interviewers are trained in the intricacies of the script with the specific offering and needs in mind. It is imperative to emphasize the focus on developing business conversations through questions that demonstrate knowledge of the prospects business.

Train and Offer Incentives to Your Callers
Equipping callers with a complete understanding of the project is essential, but they also must understand how they'll be evaluated, what constitutes a successful call, and the value—to them—of a successful call.

Harte-Hanks Lead Generation Best Practices
Because clients are in the best position to communicate overall project objectives, they're strongly encouraged to participate in caller training. Onsite training is preferred where possible. However, training doesn't end when the calling begins; Harte-Hanks employ's several strategies to ensure callers remain constantly briefed on project-specific techniques and their performance:

- In addition to a formal call center management team, one coach is assigned to every 15 callers. The coach listens to all callers on an ongoing basis and provides informal, real-time feedback and tips to improve performance.
- Callers receive formal, written evaluation from supervisors at least once every two weeks based on project results.
- Unique caller incentive plans are developed for each project based on each program's objectives. Incentives can be based on leads per hour, appointments set, contacts uncovered, and many other factors. In all cases, results are reported to callers on an hourly, daily, weekly, and individual project basis.*

Step 8: Conduct Interviews

Overview
Ready to conduct interviews means you're ready for ongoing reporting and communication to the entire project team? Each completed interview needs to be classified based on your specific criteria which typically includes budget, authority, need, and timeframe (BANT). Leads are then delivered online (or method of your choice).

Provide the Right Tools and Resources to Your Callers
What exactly are your callers going do with the information they collect? Obviously they need to flow leads into your internal sales and marketing databases, but you can also push the sale even further along, at this initial point of contact, by enabling our callers to:

- Send automated thank you/confirmation e-Mails following the interview that provide links to relevant web sites and specs for your products and solutions.
- Register prospects for seminars and webinars in real time to ensure maximum attendance.
- Immediately connect to a more seasoned sales person (a closer) if a truly qualified lead is uncovered.

Step 9: Deliver Leads

Implement Flexible Lead Delivery Programs

Harte-Hanks utilizes **nTouch**—an integrated data collection and delivery tool—to collect results and provide callers with a full profile of the contacts they're targeting so they can prioritize follow-on activity based on the information collected during the call.

The nTouch TDB web delivery platform distributes leads daily by sales territory and is available to customers at no additional cost. nTouch TDB is integrated with accessCI, which is the CI Technology Database delivery system. This allows the sales force to increase productivity by routing sales leads daily.*

The most effective lead generation programs are integrated solutions that automatically feed information from outbound efforts to the company's sales and marketing databases. That said, we also see less automated solutions—often times no more than a daily feed of spreadsheets with qualified leads to salespeople—work effectively.

Regardless of how information is fed, effective delivery systems are characterized by the following:

- Information flow does not distract calling team from their main task—calling.
- At the very least, information is delivered on a daily basis. The most effective solutions deliver in near real time.
- Delivery of content includes all relevant information collected in the survey as well as relevant content about the prospect from other available sources.
- The delivery vehicle can also track salesperson activity on the lead to assess action and ultimately return.
- Status (weekly) on all activities can be provided, so the sales cycle can be closed – The net result is increasing the closing ratio on leads generated by the campaign.

Step 10: Follow up Promptly

➘ **Leads do expire!** If you cannot follow up within one week, the chances of a sale greatly diminish.

Step 11: Analyze Results

Overview

Once a lead generation campaign is complete (or an adequate number of leads have been identified), Harte-Hanks can conduct an analysis and modeling exercise that examines Hot Leads and Refusals to determine variables most predictive of a prospect turning into a hot lead. Sites in the CITDB are scored based on their likelihood of becoming a hot lead. These scores can be used to identify the best sites to contact for future lead generation campaigns.

Track Your Return

As the saying goes, if you didn't track it then it didn't happen!

The job isn't finished when the lead is delivered. Tracking results from the leads is the critical last step to determining your program's performance and if any adjustments need to be made to ensure success.

The conversion metrics point to program effectiveness include:

- **Total leads** generated (per week/day/hour) provides insight into project progress and individual caller performance.
- **Total attempts** per generated lead tells you how difficult the interview actually is and what sample size will be required.
- **Cost per lead** simply compares the total cost of your calling (including all data feed and data cleansing) to the total number of leads generated. This is an excellent metric for comparing the effectiveness of different programs.

Harte-Hanks Lead Generation Best Practices
Although these results span many different segments within the technology space, we've typically seen these types of results in our outbound lead generation programs:*

Return Metrics	Variables
Leads Per Day	The contact you're trying to reach as well as the information you need to collect. If you're simply identifying viable contacts (contact discovery) your leads per day will be high. As you move towards identifying people with a specific purchase intention at a specific point in time, your leads per day will decrease.
Attempts Per Complete	The largest variable is the specific contact you're trying to reach. The higher you go in the organization, the higher your attempts per complete. 20-30 attempts to complete a call with a senior, corporate level executive is not uncommon.
Cost Per Lead	The contact you're trying the reach and the information you need to collect.

In Review - Build an Integrated Solution

Outbound calling is the most direct way to target your prospects, but it's more effective when implemented in conjunction with other direct marketing media that allow different versions of your message to be communicated over an extended period.

The results speak for themselves. A simple direct mail campaign will typically yield response rates of 1-2%, yet when combined with e-Mail marketing and outbound calling we typically see response rates for an integrated approach will increase to 7-15%.

Timing is everything. The messages must be delivered at the right interval to ensure maximum impact:

- Direct mail should be delivered 3-7 days prior to the outbound telesales/telemarketing contacts.
- e-Mail should be delivered 1-3 days prior to the outbound telesales/telemarketing contacts and also immediately after the phone contact if appropriate.

Key Discussion Points

Leveraging External Expertise - A fundamental decision in the lead generation process is whether to do it yourself or turn to outside help. Leveraging external partners to build and implement these programs offers a variety of advantages over home-grown solutions:

Expertise - Sales and Marketing services companies implement these programs for hundreds of clients every year. Allowing partners to engage their core competencies lets you concentrate on generating sales.

Scalability and Limited Long-Term Investment - Outsourced programs can be increased or decreased based on your current business climate.

Faster Development - Although the specific content of your program will be customized, your partners already have the agents, phone systems, delivery solutions, and management structure in place to begin your program quickly and effectively.

Selecting Business Partners for Lead Gen!

These advantages come as a result of experience though, and not all potential partners have the infrastructure that will deliver the results you need to grow your business. Here's a list of questions you should ask potential partners to evaluate their capabilities:

General

- How many lead generation programs have you completed during the past 12 months?
- In which vertical markets do you have the most experience?
- How many callers will be assigned to my project and what is their experience level?
- How many agents do you have in your call centers?
- How quickly can you increase the number of agents to meet project demands?
- What sources do you use to recruit your agents?
- What is the manager/agent ratio in your call centers?
- Do you outsource any of your calling requirements?
- What is the average tenure of your agents?

Project Prep

- What kind of contacts do you recommend we call?
- What sources will you use to pull the contact/company sample?
- Do you own the content and what's the cost of the content?
- What types of guarantee can you offer regarding the accuracy of the content?
- Is there an additional charge if I want to utilize this content myself for future campaigns that we might complete outside of this project?
- Are e-Mail addresses also available?
- How would you integrate direct mail and e-Mail into my program?
- Can you match external content against my internal sales and marketing databases?

Project Management

- How quickly will the project be implemented and how quickly will the project be completed?
- What type of quality control mechanisms do you have in place for my project?
- How will the results be delivered and will these results be prioritized based on the information collected in the survey?
- Will results be fed automatically to my sales force?

Wrap Up

Unlike typical telemarketing firms, Harte-Hanks can leverage its proprietary CI Technology Database and deliver a stream of leads in a short period of time.

Now you can leverage the same technology that savvy callers have used to pre-qualify leads for over 33 years. We can mobilize a highly experienced team of callers, quickly and efficiently. Our interviewers excel at reaching IT professionals and senior level executives.
Your sales force should spend their time closing sales, not qualifying leads.

Why Use Lead Generation Solutions from Harte-Hanks?

- We qualify your incoming leads from Web events, trade show leads, and advertising responses
- We generate "qualified" leads
- We distribute leads quickly by territory to your sellers and resellers
- We update and optimize your marketing database
- We integrate your customer information with one or more of our technology databases

The CI Technology Database is comprised of the enterprises and key contacts that are doing in the majority of today's information technology spending.