# TOPO

# DESIGNING A BUYER-CENTRIC REVENUE PROCESS

A case exploring how LeadMD is leveraging predictive analytics and psychological data to create more accurate buyer persona models and deliver a better buying experience.

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# OVERVIEW

## EXECUTIVE SUMMARY

The LeadMD Case: Designing a Buyer-Centric Revenue Process, is designed to provide sales and marketing organizations with one of the more innovative use cases on buyer persona development and execution. LeadMD leveraged predictive analytics and psychological profiling to not only redefine their buyer personas but also to build relevant buyer journeys designed to improve the buying experience and ultimately increase conversion to revenue. Based on in-depth interviews with LeadMD and research on their process, the case analyzes their data collection processes and modeling, the new marketing and sales process, and the detailed recommendations for readers to execute on their own.

## SALES DEVELOPMENT ANALYST

*Craig Rosenberg* is TOPO's Chief Analyst. He leads TOPO's analyst organization and is responsible for publishing seminal research pieces and advising strategic clients on a range of sales and marketing issues.

## RELATED RESOURCES

*"B2B Predictive Analytics Report"*
July 2015, Report

# KEY TAKEAWAYS

The B2B sales and marketing universe has been writing and talking about buyer personas and the buyer journey for the last ten years. Many organizations have built buyer personas and attempted to map the associated buyer journey. For those organizations that have partaken in the buyer persona exercise, their results far exceed those organizations that have not. However, buyer personas are still very subjective and include a lot of opinion. The next step for many organizations is the opportunity to quantifiably narrow in on the personas that have a higher propensity to buy. Predictive analytics provides the opportunity to use a wide set of data to do this.

LeadMD's case is interesting not only because they used predictive analytics to quantify their personas but because they also used psychological profiling to add more quality data into their process. They then went a step further and created differentiated processes (marketing, sales, product, post-sales) to more effectively convert these personas. As a matter of fact, they even created psych profiles on their sales people in order to match them to the buyer persona best suited for them, and are using the psych profiles to hire the right sales reps.

## Key Takeaways:

▸ **The current methodology for creating and validating buyer personas is fundamentally flawed.** It relies on inaccurate CRM data and untested anecdotal beliefs about what an ideal buyer looks like.

▸ **Traditional lead scoring is too one-dimensional to accurately predict buying intent.** Traditional lead scoring is limited to gauging the consumption of your assets. The score only reflects the buyer preference for your content. As a matter of fact, LeadMD found that a purely behavioral lead score predicts only 2 percent of the variance in amount purchased by buyer.

▸ **Ideal customer fit is typically based on one or two variables and thus not predictive.** The standard way to segment customers is based on variables such as company size or vertical. While better than nothing, this approach still lacks the precision that multiple variables provide.

▸ **Predictive analytics provides the opportunity to quantify your buyer personas and identify them in real time.** Buyer persona development has been imperfect in the past, but predictive analytics wasn't available to test and validate your personas before going to market.

# KEY TAKEAWAYS

▸ **Psychological modeling allows you to gather a deeper insight into the mindset of your buyers than current methods used today.** Incorporating the psychological profiles as one of the key components of the buyer persona increases the predictability of the model to 82 percent.

▸ **Apply psychological modeling to your sales and customer success team to match buyers with the best suited sales and service reps.** In order to deliver a truly buyer-centric sales process, LeadMD routes leads to the sales person who is the best match for the persona. Customers are then routed to the customer success manager best suited for their persona, which provides an end-to-end buyer-centric experience.

▸ **Develop differentiated marketing and sales processes for each persona.** Once personas have been developed, identify and validate the true buying process your buyers prefer, then create a process that can identify personas and route them to the respective sales and marketing programs.

▸ **Package your products specifically for each persona.** In your data gathering phase, quantify the product the various personas are more likely to buy and package each product specifically for the persona most likely to buy it.

▸ **A truly buyer-centric sales and marketing process will yield significantly higher conversion.** Most organizations agree with that statement, but rarely do they create a buyer-centric process from lead to post-sale. LeadMD has seen significant conversion lifts across the entire sales-marketing process.

# INTRODUCTION AND BACKGROUND

As a marketing automation consultancy, LeadMD helps high-growth companies optimize their demand generation efforts. Having successfully implemented Marketo's marketing automation platform at over 2,400 clients, LeadMD is well-versed in establishing buyer personas, especially within their own organization. Nevertheless, the organization set out to test their past assumptions. LeadMD embarked on a three month project partnered with EverString, a predictive analytics vendor, and Research Psychologist Eric Smith, PhD at First Sight. Within a few weeks, LeadMD realized that the way they were identifying buyers was fundamentally broken, and decided to completely overhaul their sales and marketing process.

## Objectives:

Build a predictable buyer-centric sales, marketing, and service process and improve conversion and efficiency. In order to achieve their overall objective, Lead MD set out to create a process that was able to:

▸ Quantifiably identify and verify high propensity leads.

▸ Quantify and then deliver differentiated experiences to each persona across marketing, sales, and service (content, messaging, and activities).

▸ Identify and match the most appropriate sales reps and customer success managers to these personas.

▸ Create a feedback loop to allow the system to learn and ultimately, optimize the process.

# USING DATA AND MODELS TO BUILD ACCURATE BUYER PERSONAS

Provides an overview of LeadMD's process for collecting quality data, creating models, and building buyer personas.

# THE LEADMD FIVE STEP DATA COLLECTION PROCESS

Buyer persona development is an often imperfect process which relies on imperfect quantitative data from the CRM and biased, limited data from internal resources. Qualitative buyer feedback, while better than no data, is also biased. Buyers will often provide input on what they think they want but not what they actually do. Overall, more objective inputs will always yield more precise results. LeadMD went through a thorough and very unique data gathering process which incorporates psychological profiling with actual data. Even more unique was the fact that they studied their sales and customer success team as well.

| Step 1 | **Psychological Profile of Employees** | LeadMD hired Eric Smith, PhD Research Psychologist, to gain a psychological perspective of the employee to better understand the biases and opinions and ultimately, to measure their strengths. For example, a less patient, less consultative sales rep is a better psych profile for personas more likely to desire smaller, more tactical deals. The psych profiles were designed to uncover these attributes. |
| --- | --- | --- |
| Step 2 | **Profile Buyer Fit and Engagement** | Sales reps, customers, and consultants were surveyed to profile the "fit" and engagement within the high value customer base (above 100k in spend). The intent of this step was to identify what a "good" customer looked like and in which activities "good" customers engaged. |
| Step 3 | **Understand Buyer and Buying Process** | Sales reps and customer success managers answered survey questions about the buyer and their buying process. The intent of this step was to identify employee assumptions as to how customers purchased. These assumptions will be eventually tested, validated, or disproved in the sales survey which will be completed at the close of an opportunity. |
| Step 4 | **Psychological Profile of Customers** | Eric Smith leveraged data from LeadMD's 80 top clients and from the fit and engagement survey in Step 2 to create customer psych profiles. |
| Step 5 | **Model Buyer and Buyer Journey** | LeadMD compared the newly created customer psych profiles (from step 4) to the actual messaging, activity, and company profiles to which they were associated. They used Everstring to analyze 30K+ signals and build regressions around the behaviors and characteristics these target buyers exhibited. They were then able to develop definitions of positive and negative attributes. The EverString model was able to show how much lift was associated with each attribute in the model. |

# EVIDENCE BASED BUYER PERSONAS

LeadMD's data collection process yielded four buying personas. They used Everstring to study historical data and determine that these personas had the highest propensity to buy.

The chart of "Conversion to Revenue of Scored Leads" stack-ranks leads by how closely they fit the top buyer personas. A represents the ideal customer profile, while B is missing certain elements but remains close. C and D do not. A converts at 4.3X the baseline and 14.3x the rate of D prospects.

When LeadMD analyzed their current lead database, they found that the highest propensity profiles (As and Bs) made up only 20 percent of the database, whereas the low propensity leads (Cs and Ds) made up 80 percent. The database composition problem is common for most organizations and underscores the value proposition for predictive analytics vendors: companies can gain the ability to identify, early on, the leads most likely to close to avoid wasting valuable selling time.

## Scored Leads: Conversion to Revenue*

Baseline represents a 4.0 percent conversion rate against all leads.

4.3x — A
2x — B
0.7x — C
0.3x — D
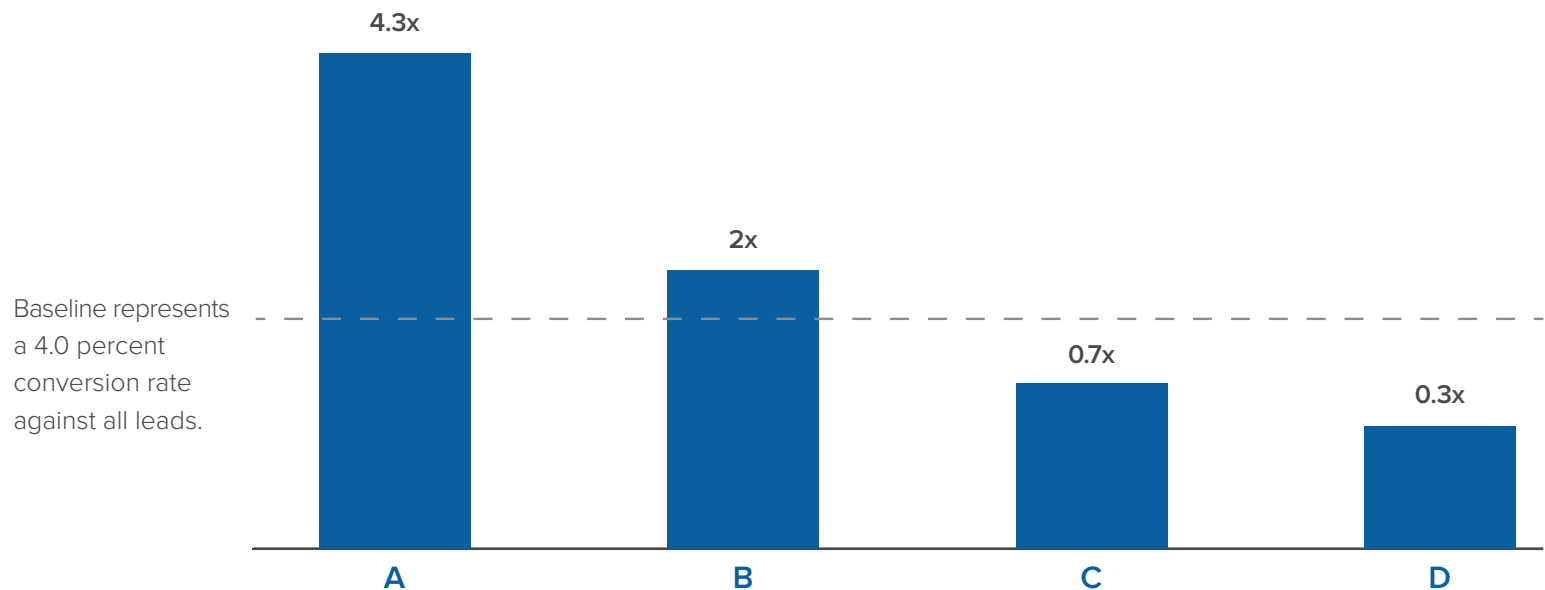
# THE FOUR LEADMD BUYER PERSONAS (EXAMPLE)

LeadMD's four new personas are presented below. These personas are now the starting point for the overall LeadMD buying process. Their marketing and sales process will be segmented to deliver the preferred buying processes of each persona.

| | Persona Name | Persona Attributes |
|---|---|---|
| 1 | Rising Rita | • Young up-and-comer in a rising institution<br>• 15% of buyers<br>• Least time at position<br>• Replacing the old guard's contractual relationships.<br>• Team player - new wave of management style |
| 2 | Entrenched Edward | • Tenured exec with the same lead manager doing the same thing and is bored to death<br>• 20% of buyers<br>• Most time at position (bored)<br>• They want a fling and they want it now (timing)<br>• High budget control |
| 3 | Startup Sue | • Young, aggressive & looking for love<br>• 5% of buyers<br>• Most tech literate<br>• Least sales background<br>• Lowest revenue, smallest firm |
| 4 | The Small Crew | • 60% of buyers<br>• Most cautious - doesn't want a long term relationship<br>• Most purchasing authority<br>  Most sales background |

# THE BUYER-CENTRIC REVENUE PROCESS

Provides an overview of the new LeadMD buyer-centric sales and marketing process spanning inbound leads through customer success.

# THE LEADMD BUYER-CENTRIC REVENUE PROCESS

LeadMD has developed one of the most advanced sales-marketing processes currently in production. Starting with carefully designed high propensity buyer personas and following through with a constant feedback loop throughout the entire sales process, their operation is truly buyer-centric.
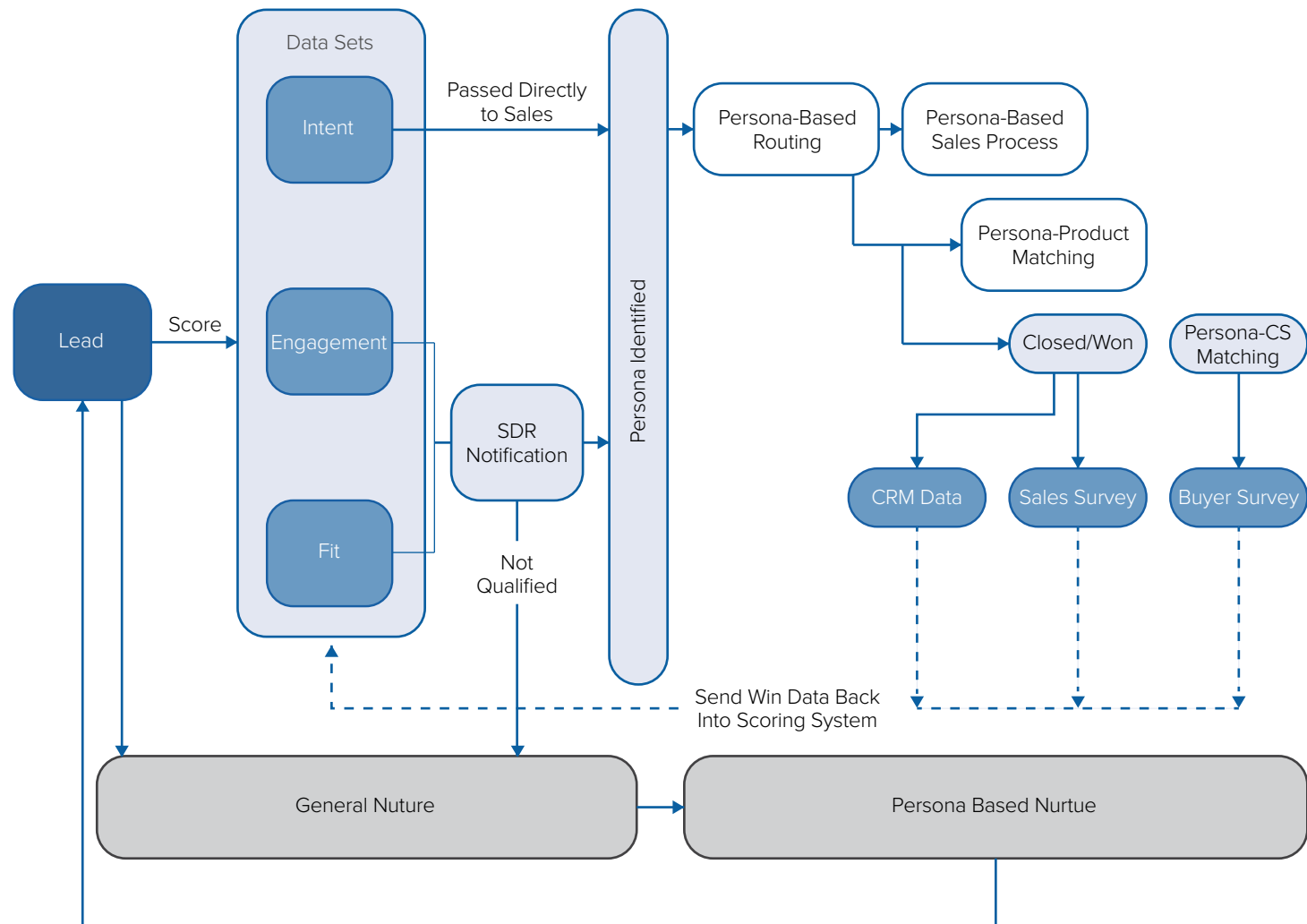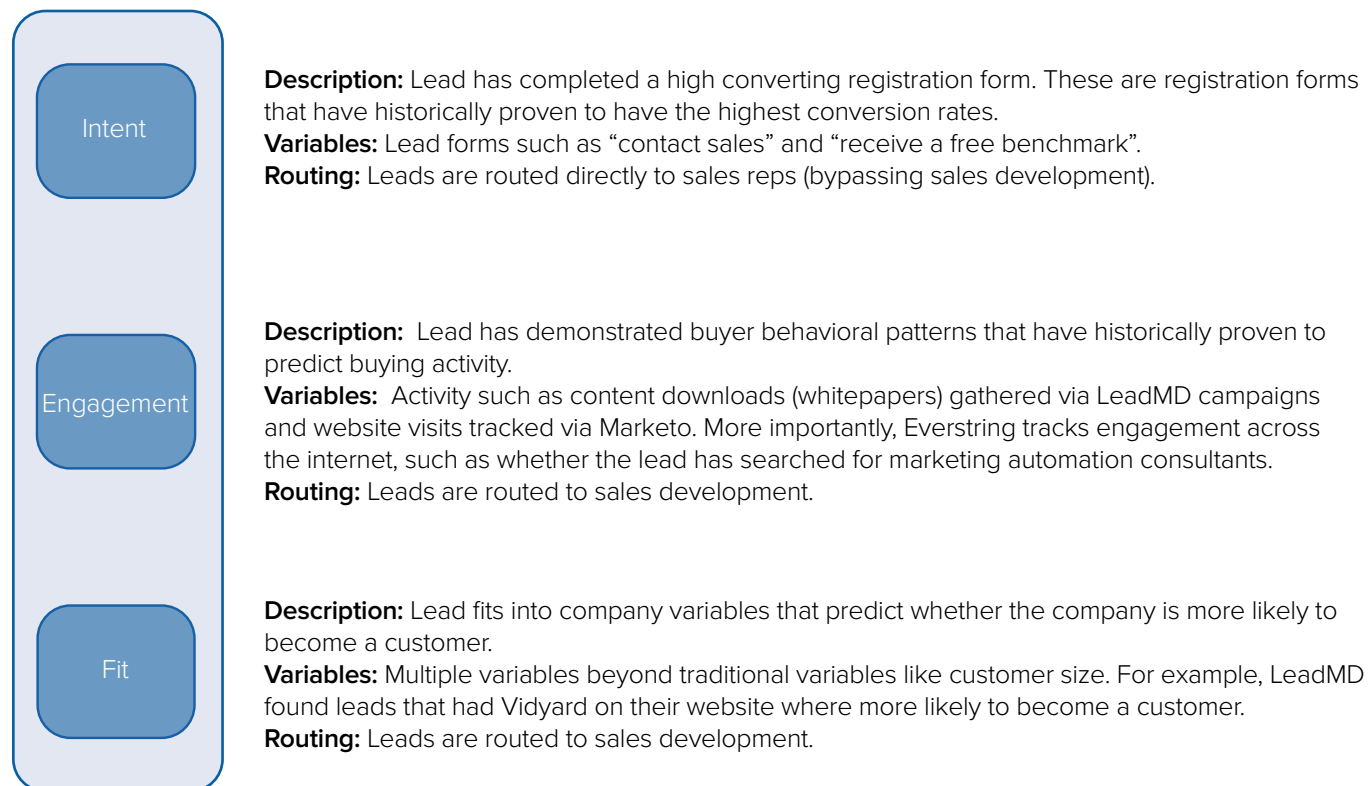
# THE LEADMD PREDICTIVE SCORING MODEL

LeadMD completely revamped their scoring model with multiple dimensions to get the full picture of their leads. In their model testing, they determined that "traditional" behavioral lead scoring (scores based on lead activity trackable via their marketing automation system) alone doesn't work. They found that purely behavioral lead scoring predicts only 2 percent of the variance in the amount purchased by buyers. It was too one-dimensional, whereas adding fit and psychological data provided a 82 percent lift. Furthermore, traditional lead scoring was restricted to content they already owned, whereas now, engagement can be scored across the entire internet.

Now, when inbound leads are received, they are scored based on three factors: intent, engagement, and fit.

## Data sets used for scoring:

**Intent**

**Description:** Lead has completed a high converting registration form. These are registration forms that have historically proven to have the highest conversion rates.
**Variables:** Lead forms such as "contact sales" and "receive a free benchmark".
**Routing:** Leads are routed directly to sales reps (bypassing sales development).

**Engagement**

**Description:** Lead has demonstrated buyer behavioral patterns that have historically proven to predict buying activity.
**Variables:** Activity such as content downloads (whitepapers) gathered via LeadMD campaigns and website visits tracked via Marketo. More importantly, Everstring tracks engagement across the internet, such as whether the lead has searched for marketing automation consultants.
**Routing:** Leads are routed to sales development.

**Fit**

**Description:** Lead fits into company variables that predict whether the company is more likely to become a customer.
**Variables:** Multiple variables beyond traditional variables like customer size. For example, LeadMD found leads that had Vidyard on their website where more likely to become a customer.
**Routing:** Leads are routed to sales development.

# KEY INDICATORS FOR LEADMD "FIT" SCORE (EXAMPLE)

The table below features examples of the actual indicators used by LeadMD to determine the company "fit" of a potential lead. Like many companies, LeadMD used to use 1 to 2 variables to determine demographic fit, such as company size. Under their new predictive model, they are able to look at multiple variables that, when correlated, can provide a much more predictive analysis of the likelihood of a lead to buy. Predictive analytics has provided vendors with the unprecedented ability to look at a multitude of variables to determine true predictability. For example, one variable that stands out for LeadMD is the lift they see when a lead has Vidyard on their website.

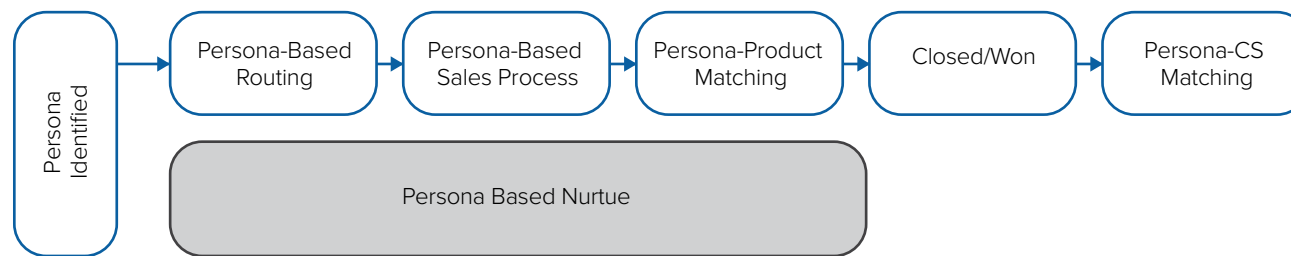## Data sets used for scoring:

| Top Indicators by Category | | | |
|---|---|---|---|
| | Overall Lift Multiple | | Overall Lift Multiple |
| Personal Computers & Peripherals Industry | 4.2x | Recent Received Social Media Awards News | 3.9x |
| Revenue ($5B+) | 2.8x | Moderate Google Plus Presence (1K-10K Circled) | 3.3x |
| Employee Size (10K+) | 2.4x | Moderately High Budget for Google Advertising ($1K-10K) | 3.0x |
| Located in Rhode Island | 2.3x | Website Uses Vidyard Media | 7.7x |
| No Recent Change in Website Traffic | 2.7x | | |

Screenshot taken from Everstring

# PERSONA DRIVEN SALES AND MARKETING PLAYS

Many top-performing organizations have made significant strides to create buyer-centric sales and marketing processes. There are many use cases featuring persona-specific marketing campaigns, and many forward-thinking sales organizations have created sales proceses designed specifically for the buyer. None have made their entire process as buyer-centric as LeadMD.

## Persona-based marketing and sales process:

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Persona Identified → Persona-Based Routing → Persona-Based Sales Process → Persona-Product Matching → Closed/Won → Persona-CS Matching

Persona Based Nurtue
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- **Persona Identified** – Personas are identified across typical factors, such as role, to atypical factors, such as years on the job and age.
- **Persona-Based Routing** – Leads are routed to the sales rep best suited to work with that particular persona.
- **Persona-Based Sales Process** – There are differentiated sales processes for each persona type across messaging, content, and plays.
- **Persona-Product Matching** – LeadMD has determined the best product packaging for each persona.
- **Persona-CS Matching** – New customers are paired with the Customer Success Manager best suited to work with that persona as determined by psychological profiles.
- **Persona-Based Nurturing** – Nurturing tracks have been designed specifically for each persona based on historical engagement data.

# MARKETING PROCESS BY PERSONA (EXAMPLE)

LeadMD used the data collected on the preferred buying journey for their four personas and created differentiated marketing processes from the data. Once they identify the persona, they then deliver the ultimate goal in modern marketing: the right message at the right time to the right buyer. A number of top-performing organizations have built differentiated marketing processes for their buyers, but most have not quantified the ideal buying process like LeadMD has.

## Change Content Mapped to Buying Stages by Persona:

### Personas

| Buying Stages | Rising Rita | Entrenched Edna | Startup Sue | Pam - Siloed | Pam - Empowered |
|---|---|---|---|---|---|
| | -Least time at position<br>-Youngest buyer<br>-Tech literate<br>-Cautious<br>-Least needy<br>-Least budget control (only make big asks)<br>-Lots of revenue, employees, | -Most time at position<br>-Oldest buyer<br>-Least tech literate<br>-Most enthusiastic<br>-Not needy<br>-High budget control<br>-Most sales background<br>-Often in long lead | -Most tech literate<br>-Least sales background<br>-New company<br>-Lowest revenue<br>-Lower in hierarchy<br>-Smallest firm<br>-Most likely female<br>-Most budget control | -Non-integrated marketing/IT<br>-Rarely ask for help<br>-System don't play well with others<br>-Is tech literate<br>-Confident in solving problems<br>Not a team player | -Mover and shaker<br>-Confident in ability to solve challenges<br>-Happy with her current process<br>-Is a team player<br>-Yields more control for sales in smaller firms |
| **Anonymous** | Tone included, Problem ---> Solution. Cutting edge, but concrete and results-driven | Tone included, something new. Cutting edge, experience-driven (exciting) | Tone included, forward-looking and enthusiastic. The only solution you'll need for 5 years. | Tone included, strict and authoritative, to create reactionary response. Preventing being fired or | Tone included, forward-looking. Concrete. Promotion and change focused |
| **Open** | Supply materials that re-enforce advancement in her marketplace. | Supply traditional channels hyping new media capabilities | Supply Entrepreneur channels. New media. | 1. Results based research 2. Calculate Return 3. Pricing &amp; Costs | Supply new media. Buzzfeed-style ("5 things that you know are killing your marketing, and what you can |
| **MAL** | Online interactions include, word of mouth (Referral form). Past client refers and Form based resources | Online interactions include, testimonials linked to easy, quick request for more information, or even a flashy, | Online interactions include, top 10 issues facing startups. Marketing automation is #1 and hyperlinked straight to | Online interactions include, comparison quizzes, Rate your marketing know-how. | Online interactions include, DIY solutions. Behind the scene's documentation. |
| **MQL** | When analyzing internal issues she looks for concise executive summary of formal, professional, landscape analysis. | When analyzing internal issues she looks for reassurance that she is doing fine, while looking for solutions that will be fun | When analyzing internal issues she looks for information such as, the top 10 issues facing startups. Marketing | When analyzing internal issues she looks for Scare quiz type material. | When analyzing internal issues she looks for Buzzfeed-style, "Is this what you organization looks like? |
| **SAL** | When choosing a sales style, take an approach that will focus on helping her advance with her career and at her | When choosing a sales style, take a fun and light approach to you proposed solution. | When choosing a sales style, focus on your intent to help her build her business together with LeadMD | When choosing a sales style, focus on your intent to keep her on the cutting edge and far away from being obsolete. | When choosing a sales style, sympathize with her quest for change. Help her make a case for it. |

Screenshot taken from Kapost

# THE MACHINE LEARNING FEEDBACK LOOP

Once a model is built, the predictive analytics application can leverage machine learning to adapt the model as new data emerges. The more quality data a feedback loop can provide, the more predictive the model becomes. A common data flow is to allow Salesforce.com to feed win/loss data back into the system. LeadMD increased the level of quality data by developing sales and buyer surveys to validate and optimize their model. These surveys are automated, captured in Salesforce.com, and fed back into the predictive analytics application.

CRM Data    Sales Survey    Buyer Survey

Send Win Data Back
Into Scoring System
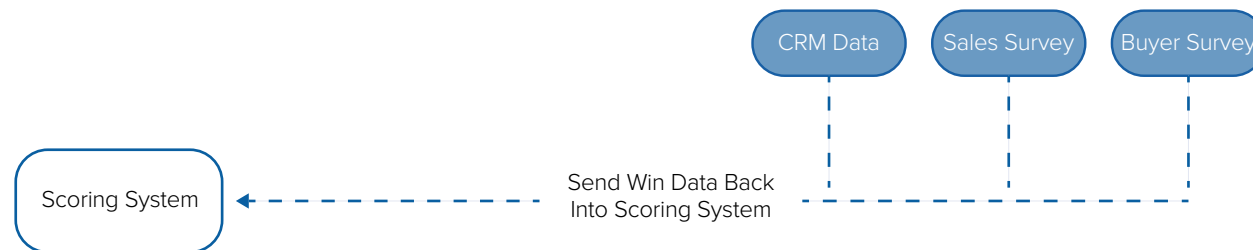
Scoring System

## Quantitative and qualitative data sent back to the scoring system:

- **CRM Data** – When deals are closed, the closed/won and closed/lost data are sent back to the predictive analytics application.
- **Sales Survey** – Sales reps are required to complete a survey via Salesforce.com in order to move a deal to "Closed/Won" in Salesforce.com. The sales survey data are then fed back to the predictive analytics application.
- **Buyer Survey** – A survey sent to buyers 60 days after close that, when completed, populates the data into Salesforce.com. The buyer survey data are then fed back to the predictive analytics application.

# THE LEADMD SALES SURVEY (EXAMPLE)

LeadMD sales reps will provide data on their closed deals via the sales survey. Rules in Salesforce.com require the sales reps to enter the survey data in order to change the opportunity to "closed/won" in the system. This process allows LeadMd to ensure that quality, real time data gets collected and is used to optimize the predictive scoring model.

## LeadMD sales survey pushed to sales when deals are closed:



Screenshot taken from Salesforce.com

# PROGRAM RESULTS AND ROI

Provides an overview of the results LeadMD have achieved from their buyer-centric sales process.

# LEADMD RESULTS AND ROI

LeadMD's new revenue process has shown immediate, measurable impact. LeadMD also saw intangible benefits that should not be ignored. There is a new level of confidence and empowerment in the sales and service teams. Sales development reps pursue leads knowing that they are most likely to be interested, sales reps are empowered knowing that their prospects are likely to close, and customer success is working with buyers they are comfortable with.

▸ **82% predictability of leads most likely to becomes customers.** LeadMD found that the traditional lead scoring process of purely behavioral predicts only 2% of the variance in amount purchased by buyer. When they added demographic and psychological data, their predictability increased to 82%.

▸ **175% increase in qualified leads passed to sales.** The sales development team became more effective by focusing on the highest propensity leads. As a result, qualified leads passed to sales more than doubled in the first 30 days and have remained at 170%-180% of baseline over the following months.

▸ **2x increase in Sales Accepted Leads (SAL).** Sales Accepted Leads happen when sales reps agree that the qualified leads passed by the sales development reps (SDRs) are qualified and worthy of the sales reps' time. Higher quality leads resulted in higher quality pipeline. Moreover, leads were assigned based upon the best match between a rep and the buyer persona. As a result, reps were able to position products most relevant to buyers needs.

▸ **The biggest quarter in company history.** The program is still early yet the new process has already yielded the biggest quarter in company history and the biggest start to the year in company history. With the top of the funnel metrics doubling, the LeadMD buyer-centric revenue process should deliver the biggest year in company history.

# ABOUT TOPO

As a research and advisory firm, TOPO works with high growth companies to help them design, build, and manage scalable revenue functions and their sales development organizations into the best in the world. TOPO Analysts support clients in three areas: demand generation, sales development, and sales. Leading marketing and sales practitioners depend on our research, best practices and tools to make informed strategic decisions that drive revenue growth.

## We do this by offering:

1. Data and benchmarks collected from the world's fastest growing companies across hundreds of key marketing and sales data points.

2. Research, best practices, and tools that make scalable revenue growth a reality by focusing on specific, actionable strategies, tactics, and plays.

3. Personalized advice and support from sales and marketing's best and brightest — TOPO Analysts and your peers from the world's fastest growing companies.

4. Events and peer networking with industry leading revenue practitioners to learn and share best practices that define success for top-performing marketing and sales teams.

## About the Analyst
Craig Rosenberg is TOPO's Chief Analyst. He leads TOPO's analyst organization and is responsible for publishing seminal research reports and advising strategic clients on a range of sales and marketing issues.

## FOR MORE INFORMATION

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