

# How to Increase Your B2B Marketing ROI

Thursday, April 3, 2014 - Written by: [Jeff Kalter](#)



## **A Case Where “Keep It Simple” Doesn’t Work**

Clearly ROI is the measure that marketers should use to evaluate and improve the effectiveness of their marketing initiatives. It’s not easy to do, however, because you have a mix of activities that go into generating one sale and they all need to be included in the marketing costs. Also, complex B2B sales take a while to come to fruition, sometimes over a year, so you don’t want to measure results prematurely.

For example, Techno Company sells technology solutions to operations managers. It goes to a tradeshow and generates a list of 200 leads. For the sake of simplicity let’s say the show costs \$100,000. The company shares these leads with its sales people based on their territories. The sales people follow up and walk away with ten (10) closed sales averaging \$50,000 each. The total sales are \$500,000. Thus, the return on investment is 400% or 20% cost of sale.

With this simplistic ROI calculation, the company might decide not to do the trade

show again. But perhaps the marketing staff should instead be asking, “What else can we do to leverage these leads and increase our ROI?”

## **Increase Marketing ROI With Lead Qualification and Nurturing**

Techno Company’s marketing leaders realize that instead of sending all the leads directly to their sales force, they could ask their tele-services company to put their business development specialists on the phone to qualify the leads.

By talking with leads one-by-one, the business development specialists may determine that 40 are qualified according to BANT criteria (budget, authority, need, and time to buy). So they only pass these qualified leads on to the sales people. The reps, excited to have qualified leads, charge forward and close 20 sales, averaging \$50,000 each again, resulting in total sales of \$1,000,000. If the telemarketing campaign cost them \$10,000, then their return on investment is now:

$$(\$1,000,000 - \$110,000)/\$110,000 = 809\%$$

Or, a cost of sale (COS) of:  $\$110,000/\$1,000,000 = 11\%$

Now, you may be wondering how they closed 20 sales instead of ten. How could that be? Aren’t they working with the same leads? The truth is that the sales people didn’t follow up on all 200 leads the first time. They checked out a few of the leads, found some that weren’t interested or could not afford the sophisticated technology, and quickly moved on to something they considered to be more important.

But that is not the end of it.

The diligent business development specialists also found another 70 leads who are interested in the technology solutions, and have the resources and authority to buy. But given their multiple priorities, they were not yet ready for a solution.

Over time, the business development specialists worked with these people, calling them to offer advice and sending emails with offers of white papers, e-books, webinars, and case studies that could educate them and help to move them through the buying process. As well as occasional nurture calls to keep the human touch alive. They developed deep relationships, and 50 of these leads matured into sales qualified leads, of which 25 turned into sales

The company added another \$10,000 in costs for nurturing the leads, but now they’ve closed a total of 60 sales through lead qualification and nurturing instead of

the original ten. What's more, the 40 sales leads that were nurtured led to larger sales—an average of \$55,000 instead of \$50,000 each for initial sale. Now their ROI is:

$$(\$2,375,000 - \$120,000) / \$120,000 = 1,879\% \text{ or } 5.05\% \text{ COS}$$

And there's one more calculation Techno Company's marketers need to do. Since nurtured prospects turn into clients that remain loyal for longer, this ROI will build over time.

Calculating a marketing ROI that includes all expenses and sales over the long term makes sense because it shows how a little extra spending can have a powerful impact on sales.

**For more information download our FREE e-book: "Bridge the Divide Between Sales and Marketing."**

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