Lead List Generation

Coaching Questions

"How big does your list need to be?"

Topic Introduction

You need a list that will be big enough to hit your sales target for the specific market that you are going after. Use the 10% rule of thumb to build a list. The 10% rule is that if you have 100 customers, only 10 will be interested in your offering, and only 1% will buy.

For example, if you are hoping to make $100,000 and each sale is $5000, you will need 20 customers ($100,000/$5000). Using the 10% rule, you need to have 200 customers interested and 2000 customer on your list.

Discussion Questions

- If you only close 1% of your list, would that be enough business?
- Is 1% what your close rate is, can you adjust this?
- Does your list include channel partners who each represent multiple customers? This would result in a shorter list.

Key Learning

The size of your list is probably larger than you had thought it needs to be. Remember that buying is not completely logical, it is emotional. This conversion number of 10% is common and for new industries could be even less.

"What if your list isn't big enough?"

Topic Introduction

Your list is most likely larger than you had originally intended and there may not be as many qualified customers as you had anticipated. To reach your sales target, there may be adjustments that need to be made.

Discussion Questions

- Are there other target markets that you could reach out to? Do you need to create a second list?

- Are there channel partners to reach out to?

- Do you need to reassess your sales target or your business concept? Is this a good idea?

- Is your list too big? Do you have twice as many contacts as you need? Is there a way to focus on the ones that are more ideal than others?

Key Learning

Being realistic about the number of qualified customers you need, helps you remain strategic upfront and increase your chance of success later.

"How do you manage your list as it grows and is updated?"

Topic Introduction

Setting up your list is a big job, but so is the maintenance of your list. This will become increasingly important as you close customers, hire sales people, and target new markets.

Discussion Questions

- Are you doing one region at a time? This is less upfront cost and gives you time to test your approach.
- Are you creating an exhaustive list upfront? This would result in less duplication and a lower cost per contact.
- Are you storing this list within a CRM? Or using a cloud tool to help your sales representative update the information remotely?

Key Learning

Plan for the maintenance upfront. There are many affordable and free options to help. You never want to lose or misplace a customer list, so this is very important.

Examples

Real Life Example: How big does your list need to be?

A printing company was interested in going after the local, micro business market. They created a list that had 1300 customers and decided that was the only target customers it wanted to go for.

For 1300 customers it took 2 years to reach out and follow up with all of them. The ended up having a higher interest level, with 260 (20%) of the lead list asking for price quotes and 130 becoming customers (10% close rate).

But each customer only spends $1000 per year and the target sales are $200,000 for the printer.

Sales needed = $200,000/$1000 = 200 customers

Close rate is 10% = 200 x 10 = 2000 leads needed

The printer should be expanding the list to 2000 leads from their existing 1300 to meet their sales target.

Real Life Example: What if your list isn't big enough?

A business was looking to franchise their business as efficiency experts. They created a list of businesses to reach out to that saved money for businesses in energy, IT, or other areas of efficiency. These potential franchise owners already had a client base, already understood one section of the industry, and would potentially have the skills to scale out.

The company was looking for 3 franchisees in each market. For one city they had a list of 100 businesses to reach out to. With the list of 100 and using the 10% rule, they could expect to only get 1 franchisee. How would they get the other 2 franchisees.

They ended up going to franchise shows and working with franchise promotion companies to find the other 2 franchisees.

Real Life Example: What if your list is too big?

A sales person at a transportation company was looking at growing a $1,000,000 book of business in 1 year. The average sale would be $100,000 - $500,000, meaning that the sales person only had to land 2 to 10 customers in the year.

They built a lead list of all of the business in the region that used transportation, and found that there were 1500 leads on their list. Even at the high number of 10 customers, they would only need 1000 leads.

By removing all of the less qualified customers (smaller employee size and smaller sized products), they were able to optimize the list and focus their time.

Real Life Example: How do you manage your list as it grows?

An IT software company had customers throughout North America in different target markets. There were 10 lead lists used by 3 different sales people. They managed this by

1. Making a different sales person the owner of a different list.

2. They emailed the lists to the manager every other week as a backup and for a review of the status.

3. Any closed or hot prospects were moved into a central CRM. This assisted with contract renewals as well.

Real Life Example: How do you manage your list as it is updated?

An event planning company built a lead list of 300 prospects who were met personally by the owner of the company. Some of them were even past clients, existing clients, or personal friends of the owner. How did they keep the information current so that the sales people were effective?

1. All of the leads were uploaded into Google Docs (cloud) so that anyone could update the list including the event planning staff, the owner, or the sales person.

2. A column was created with additional comments that the owner and staff could update for the sales person.

3. Another column was created to add in the next date to call a prospect. If the owner of the company saw them at a networking event, she could update that prospect for a follow up 2 weeks later by the sales person.