A B2B MARKETING RESOURCE

The CMO's Guide to Unlocking the Funnel

CaliberMind

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Setting the Scene

We Need More At Bats!

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We've all seen the same scenario play out over and over in B2B:

> *Sales wants more leads.*
>
> *Marketing accuses sales of not following up on the leads they have.*
>
> *Sales leadership points to their pipeline goal and demands more leads.*
>
> *The CEO backs sales.*

But those of us in marketing get left scratching our heads and wondering if more volume is the right course of action.

Executive leadership has used funnels for years to give marketers a lead-generation goal. But savvy revenue operations professionals have also figured out how to optimize processes (including lead gating and routing), fix broken systems, and serve as an internal tie-breaker for which side of the sales and marketing coin has work to do.

If you can talk your operations team into making a few tweaks or purchase a platform that does the hard work for operations, you can use the funnel to beat sales at their own game and unlock loads of pipeline waiting to be discovered.

Sound too good to be true? It's not. Our most trusted experts at CaliberMind, like Camela Thompson and Nic Zangre, have built their careers on using funnels to scale production for go-to-market teams quickly.

By understanding which funnel data to look at and how to interpret it, you can uncover:
- How effectively each marketing channel converts into pipeline
- How long it takes sales to pursue leads (and whether they are following up at all)
- Which customer profiles convert (and which don't)
- Whether volume or quality should be the focus
- The likelihood that your systems are sabotaging your pipeline generation

We'll give you a high-level how-to with a tactical guide to pass on to your operations team, teach you how to use funnel data for your own purposes, and even help you get more out of your operations team. This road will be bumpy (and we'll point out why and where those potholes tend to live on the journey), but it will be worth the effort.

Just in case we need to sell you a little more on this epic hero's journey, here's an example of how companies have used funnels to multiply results:

As a CMO, I know that sales needs 4x pipeline coverage to meet their bookings goal (in other words, at the beginning of their quarter, they need to have access to four times the bookings' number in pipeline to hit quota). And I know that using our average sales price per deal, we need to create 90 new opportunities two months from now to hit the next quarter's number.

If I know my current lead mix converts to opportunities at a 15% conversion rate within days of lead creation, I know that I need a minimum of 600 leads that month of the same mix to produce 90 new opportunities.

Yikes. Or Yay! Depending on how much volume we usually produce. But if I know which tactics convert the fastest and most efficiently into opportunities, I can change my spend and multiply my output.

Here are the channels (my mix) I'm using and the rate at which leads convert into opportunities:
- *Chat: 25%*
- *Paid Advertising: 6%*
- *Webinar: 18%*

Let's look at that same information from a different angle:

Improving our conversion rate by 2% led to a 12% decrease in lead volume needed to hit our opportunity goal.

If we still produce 600 leads with this improved conversion rate, we could create 102 opportunities. If we keep our production volume the same, we will have a 13% increase in opportunity volume.

This guide will help you benefit from the compound impact of incremental changes in your funnel. There's a multiplier effect! It's about as close to a magic growth hack we can give you in B2B marketing.

What Every Marketer Needs in a Funnel

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Step 1: Funnel Stage Alignment

The first step in getting the data you need is understanding what you can access today. We recommend sitting down with operations or your analyst and having them define each stage of your funnel.

Operations should have a clear definition for each stage documented, and sales should have agreed to the definitions. If this isn't the case, you have your first assignment for operations. Without cross-functional buy-in on each definition–even what seems "Marketing Owned," you don't have a leg to stand on when you use this data to influence your peers.

Don't assume this process has been followed or that the company wouldn't benefit from doing it again.

The number one reason for tension between sales and marketing is varying lead definitions. It seems like such a simple concept, but when you sit down with a salesperson in one room and a marketer in another and ask them to write their definition of a lead, you will get two different answers.

When marketing is given a lead volume goal, it's tempting to pass any signs of life over to sales. You'll be the hero if you advocate for both sales and marketing. This usually means gating a subset of your leads. The goal is to pass along the leads expressing intent to purchase your product and develop a cadence of nurturing efforts for the rest.

Please note that gating may not make sense in early-stage startups. If your sales team is "starving" for leads and can easily follow up on the volume you have today, passing through every lead may make a lot of sense. If this is your current state, remember to revisit the definition as volume increases or sales' time to follow-up on leads decreases.

Step 2: Knowing What to Ask For

Knowing what to ask for is the trick to getting the needed data. We've written out what you need for each scenario, so your conversation with operations goes as smoothly as possible.

Chances are good that your organization already uses funnel reporting. It's likely how you were handed your goals. The trick is getting the data delivered to you in a helpful format for marketers.

The stages you use will likely already be determined by your organization. It's up to you to figure out if those are the right stages and if you can link that information to campaign data. This is typically the first pothole on the journey.

The Funnel: B2B SaaS, Non-PLG

The stages in a non-Product-Led Growth (PLG) organization in SaaS should look something like this:
- Unknown
- Known
- Marketing Qualified Lead (AKA "Automatically Qualified Lead")
- Meeting Set (AKA "Early Stage Opportunity")
- Sales Qualified Opportunity
- Customer

Unknown

Known

Marketing Qualified Lead

Meeting Set

Sales Qualified Opportunity

Customer

There may be more or fewer stages, and sales may analyze every opportunity stage in great detail. If you don't have an inside sales team dedicated to inbound, you probably won't have a Meeting Set stage. Instead, you'll move straight from Marketing Qualified Lead to Sales Qualified Opportunity.

The magic metric we're digging into is the handoff between sales and marketing.

You will need from your operations professional:
- Marketing qualified leads cohorted by month
- The campaign types associated with those marketing qualified leads
- The next step (Meeting Set or Sales Qualified Opportunity) organized by when it was a marketing qualified lead
- The number of days between marketing qualified and step 2

Only then can you have them calculate conversion rate by campaign type. You'll want to look at conversion rates by:
- Campaign Type
- Campaign
- Account Owner or Inside Salesperson

Other ways to look at this data to optimize your strategy include firmographic data (industry, software used, etc.), "Fit" score (usually a combination of account and contact fit), department, role, or company size. Whatever you use to figure out if an account is a fit. Looking at conversion rates by "fit" help you verify that conversion rates align with what the organization believes is a fit. If there's a big mismatch, it's time to revisit how we think about Fit.

The most crucial handoff to analyze is the transfer from marketing to sales. The conversion rate we begin with is the one marketing can directly influence. Usually, this is MQL to Meeting Set. To get the most out of this analysis, we must have campaign data related to the marketing qualified lead. This is the pothole.

> *You'll need to work with operations to make sure that campaign data is being stamped somewhere when a record is marketing qualified.*

PLG B2B Companies

If you're in a PLG organization, your marketing goals differ from traditionally structured organizations with a lead volume goal. For example, if you are responsible for driving people to sign up for a login, you may have a free trial goal or a single license goal. Stages will also differ depending on when or how sales are involved in the buyer journey.

Your funnel may look like this:
- Free Trial
- Product Qualified Lead
- Sales Qualified Opportunity
- Customer

Free Trial

Product Qualified Lead

Sales Qualified Lead

Customer

Honestly, this funnel is more complex (but not impossible) for marketers to maximize, and that difficulty is determined by what we're trying to optimize.

If we're optimizing for the free trial, funnel analysis is straightforward. You'll need to work with the operations team to get the following:
- Free Trial signups cohorted by month
- The campaign types associated with those free trials
- Product Qualified Lead organized by when they signed up for the free trial
- The number of days between Free Trial and Product Qualified Lead dates

Only then can you have them calculate conversion rate by campaign type. You'll want to look at conversion rates by:
- Campaign Type
- Campaign

If you're trying to optimize for sales-engaged accounts, you will first have operations analyze the makeup of the accounts and contacts associated with opportunities. Is there a particular profile that tends to upgrade? Are there niche use cases that appeal to a particular organization type?

The next round of data you'll need from your operations team in this second scenario:
- Free Trial signups cohorted by month
- The campaign types associated with those free trials
- Sales Qualified Opportunities organized by when they signed up for the free trial
- Days between the free trial and qualified opportunities

Only then can you have them calculate the conversion rate by campaign type. You'll want to look at conversion rates by:
- Campaign Type
- Campaign
- Account Profile and/or Buyer Profiles
- Account Owner or Territory

Chances are high that the variety in the profile of accounts signing up for your free trial is going to be much greater than those who upgrade to a paid account. While you should do this research on all opportunities, looking at opportunities that specifically went through the free trial process as opposed to signing up directly for the product or with a salesperson, helps you profile the companies most likely to go straight from engaging with marketing to purchasing with sales.

Other factors you'll want to research are whether certain campaign types are more likely to engage people ready to upgrade and if there are shorter channels to sale (in other words, the time from free trial to opportunity is shorter than other categories).

We'll dive into how to interpret your data and give you some industry benchmarks after we discuss how to best collaborate with operations.

Work With (Not Against) Operations

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Unless you have funnel analytics already available to the wider organization, your analyst will hit hurdles when creating funnel reports. There are several things you can do to make both of your lives easier.

Give MOPs Permission to Collaborate

If you want cross-functional buy-in, you need to start by collaborating with sales or revenue operations on how to define and pull the data. If your data doesn't match what sales is already looking at, you are in trouble. Particularly if sales reports on early funnel metrics like MQLs, have operations start by using their reports and see what, if any, data they can layer on.

Be an Advocate

At a minimum, you'll need to see the campaign types or channels that triggered an MQL to understand how you can influence your lead-to-opportunity conversion rate. If your system doesn't connect a marketing-qualified lead to campaign activity, you'll need to advocate for support. Or buy a tool that does it for you, like CaliberMind.

Fortunately, building a business case to improve or build funnel reports is far more straightforward than advocating for a multi-touch attribution tool. If you can show your CFO and CEO the impact incremental funnel changes have on pipeline and bookings (or estimate the impact based on industry standards if you don't have a funnel today), approving investing in contract resources or a new tool should be a no-brainer.

Get Ahead of the Conflict

If your department wants to define how product-qualified leads and marketing-qualified leads are calculated, be prepared to work with other people in leadership to get buy-in. Your numbers won't matter if no one believes them.

Set Clear Expectations

Spell out what you want to analyze and what kind of view you want to see these things in. For example:
- I want to know how our lead-to-opportunity conversion rates trend over time, so I know whether our current conversion rate is good or bad (I need context)
- I want to know how lead-to-opportunity conversion rates change based on the campaign type of the lead
- I want to know how long it takes for people to follow up on leads and if that follow-up rate varies by lead source

Without proper context, an analyst will deliver exactly what you ask for. And that's probably not going to line up with what you were hoping to see.

If you don't know what you want, that's okay! Be honest. Tell your analyst what you don't know and give them as much context as you can about what problems you're trying to solve. They can often come to you with a better solution–and insights you wouldn't have spotted on your own.

Ask for Insights

Many leaders don't understand how unapproachable they seem, and some aren't honest with themselves about their strengths and weaknesses. Unfortunately, this can result in a loss of valuable information. Asking for insights from your analyst sets the expectation that you want to hear their insights about whether a number is good or bad and where we can look first to improve those numbers.

Be honest about your experience with data. Are you not a details person? Do you hate math? Do you love math but tend to develop assumptions and get stuck in those assumptions?

These are all hard things to admit, but vulnerability always leads to a better working relationship. If your analyst knows they can speak up about what they see, you may save a lot of time trying to interpret too much information.

When I've had bosses admit they weren't data people, I respected them more because they were willing to listen to what I had to say rather than try to bluff their way through a presentation. The people who blew me off after they got their charts inevitably misspoke about what they thought they were reporting–and lost the respect of their peers in the process.

Reading the Tea Leaves

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Know the Limits of What You Measure

The conversion rate between marketing qualified and sales qualified indicates how effective a campaign is at generating pipeline. That's it. So it's important to remember that many campaigns that don't produce pipeline are still necessary.

There are many things we do in marketing to fortify our brand, build awareness, and engage people throughout the customer lifecycle. We also do plenty to keep deals propelling forward and engage our customer base. This is not a metric to determine whether top-of-funnel, bottom-of-funnel, or customer engagement campaigns should be discontinued or replicated. Other measurements are better suited to prove those campaigns.

Expect to Be Surprised

If your team hasn't been studying and acting on conversion rate data, expect less than stellar results. Creativity is necessary for marketing, but each test needs data to determine whether you chose the right or wrong direction. View conversion rates as a way to test whether your creative struck a chord with your audience.

What is a "Good" Conversion Rate?

If this is data your team hasn't studied for months, go into the results review with low expectations. The odds of having optimal conversion rates when there hasn't been a project to fix common issues are very low.

In general, non-PLG organizations in B2B SaaS that do not gate their leads should expect between a 10% and 12% conversion rate from marketing qualified lead to meetings/early stage opportunities. Knowing that 75% of inside sales set meetings should convert into a qualified opportunity, we can infer that the conversion rate from marketing qualified to sales qualified opportunity should be 7.5% to 9%.

If you use scoring methods or other logic to gate your leads, your conversion rate should be higher. Depending on how aggressively you gate leads, you may see conversion rates as high as 35%. If it's higher than that and pipeline is through the roof, congratulations! Your work is done. Unless you aren't meeting your pipeline number. Then the high conversion rate tells me you should relook at whether you're gating the right leads or gating too much.

Lead gating needs to be revisited often, particularly when a new product set or use case is added that appeals to a different or broader target market.

How Should Each of My Channels Convert?

Expect that some channels will not be represented in your marketing qualified to sales qualified conversion rate. Unless you have self-reported attribution and a rockstar analyst to turn that raw text into something you can scale (good luck!), we will rely on what your marketing automation system and CRM can capture.

For non-PLG B2B SaaS, we expect to see the following conversion rates by channel:
- Demo Requests: 25%+
- Chat Conversions: 25%+
- In-Person Events: 15-20%
- Tradeshows: 7-15%
- Webinars: 7-15%
- Gated Content: 2-6%
- Paid Search: 1-3%
- Paid Social: 0-3%
- Syndicated Content: 0-2%
- Email: <1%

We've seen a lot of variation, but if your channels are performing lower than the above, it's time to inspect how that channel is being leveraged. Messaging, targeting, or your offer aren't doing what they should be.

The lowest converting channels are also what we consider top-of-funnel efforts. For example, CaliberMind uses paid social as an education and awareness tool. We don't find it performs well as a demo request or lower funnel tool. However, this isn't a one-size-fits-all channel. We do have customers who have unlocked social media as a pipeline generator.

Email generally converts to a different channel. Someone rarely replies to a marketing newsletter. It's expected that someone clicks on a CTA and then converts through the linked channel (for example, a gated content download).

Where's PLG?

PLG has been around for at least ten years, but the funnels and conversion rates for PLG are still in development. We see a big variation in both funnel structure and conversion rates. We encourage you to leverage communities like RevOps Co-Op, RevGenius, Pavilion, and MoPros to poll your peers to get some benchmarks for comparison.

Watch Your Trends

A single point in time is fine, but a trend line is better. I recommend asking for your conversion rates to be displayed by a monthly breakout. This will help you understand if there are in-quarter patterns.

For example, if there's a dip in conversion rate every third month of the quarter, you may only have access to a full-cycle sales team for lead follow-up, and they're going to be distracted trying to hit their quota in month three of the quarter.
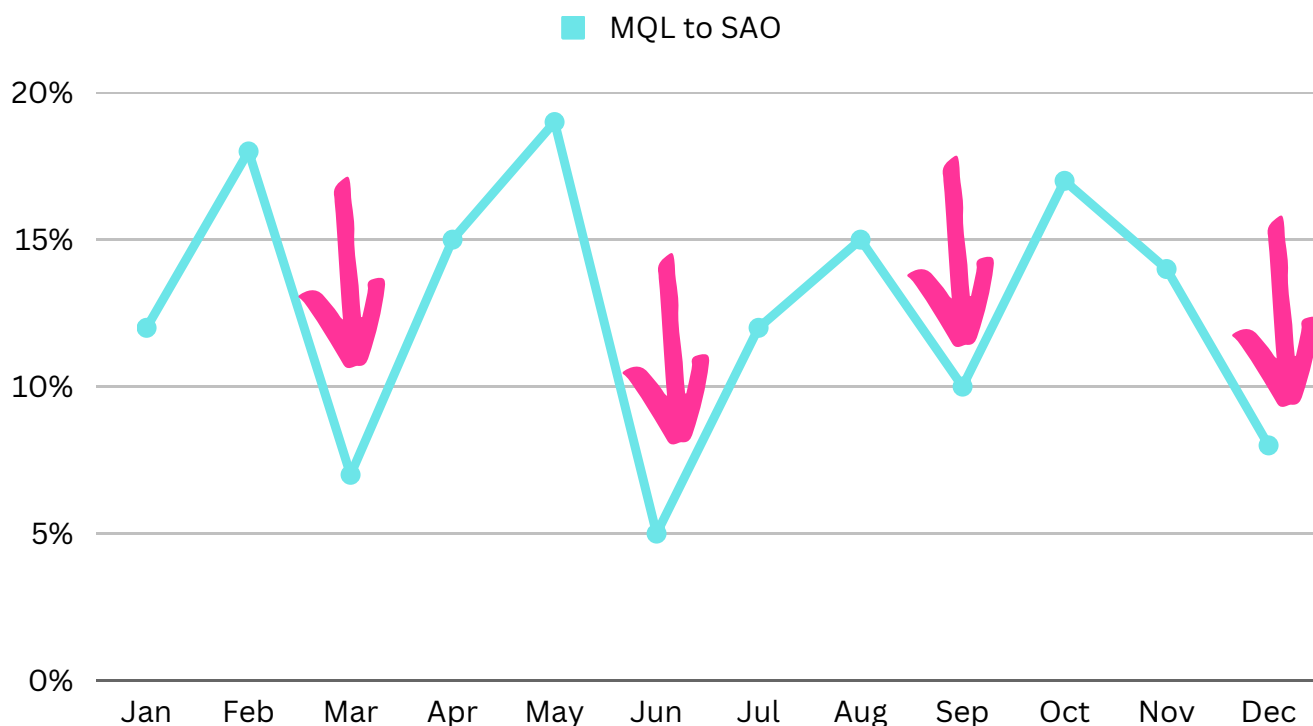
Fluctuations may also be seasonal. In November and December, we expect engagement to lag in B2B because of time off for holidays. If you're supporting EMEA, expect to see volume and conversion rates dip in the summer when everyone is on holiday.
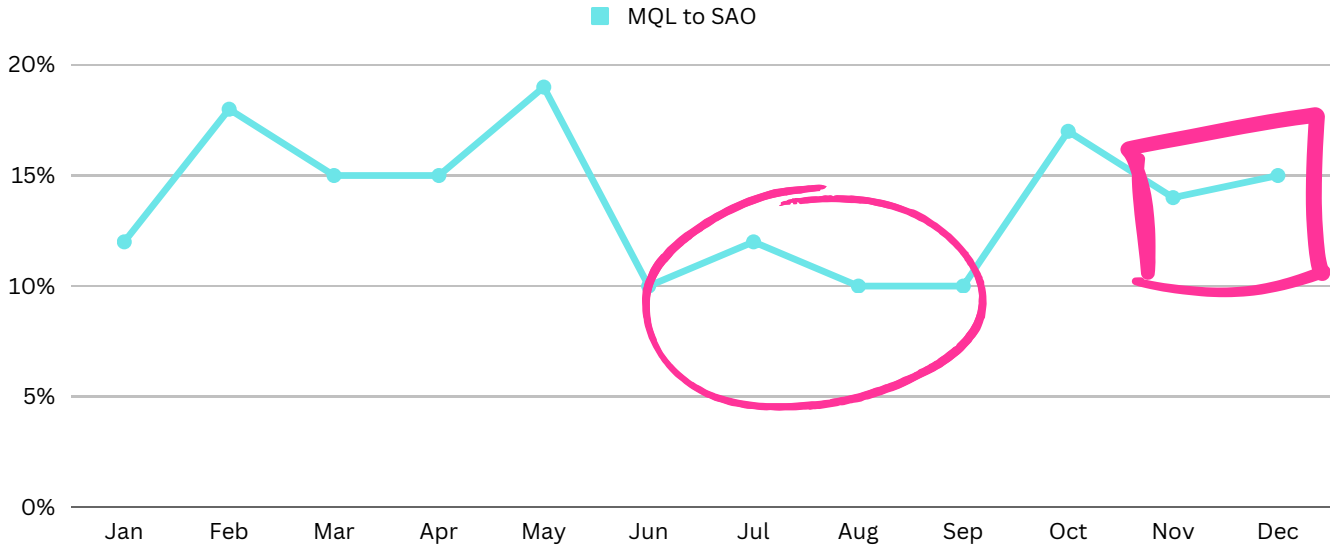
Breaking out conversion rates by month helps marketers understand when they need to over-produce to make up for seasonality.

What If the Numbers Are...BAD???

05

There isn't a single reason conversion rates are lower than normal. We'll start with the common "neutral" issues (not caused by cross-functional friction). Then we'll move into marketing-controlled issues because we recommend removing all friction (read: excuses) in the way of following up with leads. Once neutral and marketing-controlled issues are resolved (trust us, life is easier if you make sure those are non-issues before the next step), then you can use data to pressure sales management into behavior changes.

Neutral Issues

System Errors

The first place I recommend operations researches for you is your systems. Unfortunately, it's commonplace for integration errors, logic issues, or CRM configuration to prevent your sales team from seeing marketing qualified leads. It's a gut punch when you learn all of your hard work is getting buried, and no one knows to act on those leads.

Logic Errors

Ask your operations team to verify that the system is categorizing people correctly. If you have complex rules for what constitutes a marketing qualified lead, the likelihood that your marketing qualified contact and leads in your CRM and the definition your teams have agreed to are a mismatched are very high. It's imperative that what teams agreed to and what's reflected in your CRM match one-for-one. Otherwise, people will assume that marketing is trying to "pad their numbers," and your team loses credibility.

Sub-Optimal System Design (Visibility)

Salespeople need to hear how to do something many times. Have someone in operations poll the sales team and get a realistic view of whether they know where to find the leads or know what's expected of them once they find a lead. Chances are high that you'll need to work with enablement to fix some glaring gaps.

Another variation of this issue manifests itself as feedback from sales that "all" of the leads are terrible. Operations needs to calculate how many leads an inbound representative can process in a week and then determine whether they're inundated with too many marketing qualified leads. The way to resolve this problem is to revisit your marketing qualified definition and make gating more stringent. For example, gating the lowest converting lead sources and nurturing them in marketing instead.

Market Issues

The hardest problem to fix is a market downturn. We recommend reviewing all other options before assuming market issues are your only problem. There are always things that can be done to improve your chances of success, even when the market is soft.

Marketing-Controlled Issues

Issues With Targeting

Operations should check is whether your lead demographics and firmographics are lining up with the people who have been purchasing your product in the last 12 months. Ideal customer profiles (ICP) can change over time, so make sure they use more recent information and report back which channels have the greatest deviation from your ICP and adjust accordingly.

Problems With Your Message

Messaging is a subjective thing that's difficult to measure. It's one of the things I try to fix once I'm certain my lead fit is as close to our ICP as possible. Trying A/B testing and working with a talented contractor or agency to evaluate how your messaging is landing with your ICP is always an exercise worth doing. At a minimum, kick-off opportunity close interviews and talk to people who decided to purchase your product and those who went with another option to figure out how your initial marketing message aligns with what sales and customer success is saying. If you have an alignment issue, you probably have a messaging issue.

Lack of a Compelling Offer

Building trust with your prospects is difficult. Sometimes you can compensate for a lack of trust with an offer that's too good to ignore or customer evidence. If your sales team reports numerous objections or a stark objection that repeatedly comes up, work with your product marketer and product team to get creative.

Missing Headcount

Many startups and small companies looking to minimize payroll expenses avoid hiring an inside sales representative. If your lead volume is high, the quality is good, and you're noticing a dip in conversions every third month of the quarter, you have math you can throw at your CFO to convince them to hire inside sales representatives.

Work with your operations person to calculate the average conversion rate for months one, two, and three in the quarter. Use month one and two conversion rates to figure out the percentage drop in month three, and use that to calculate how many more opportunities you could get out of month three if your conversion rate were stable, and then multiply that by your average sales price. Then multiply that by the number of quarters in the year, and you have a compelling opportunity cost.

Inside sales salaries are typically a tiny fraction of the pipeline companies miss out on by not having resources dedicated to lead follow-up.

Sales-Controlled Issues

These final hurdles may be resolved if your team does a great job of removing the pain points sales feels when the above issues run rampant. Once they know your team wants them to succeed and is doing what it can to ensure that's possible, there's a culture shift that naturally happens. It's a little bit magical.

But sometimes, leadership digs in their heels and makes life more difficult with a bad attitude that will spread. Leveraging data to remove the emotion that can build over time can help. But politics will play a big part in moving forward.

Missing Headcount

If you hear phrases from your leadership team like, "I've never had inbound leads and don't know what to do with them" or "I've never had a lead worth pursuing," you're in deep trouble. These statements translate into a lack of willingness to pressure the sales team to stay on top of their lead follow-up. Because the manager sees zero value in marketing-sourced leads, they prioritize cold prospecting over lead follow-up.

Which is mind-blowing from a statistical success standpoint but plays out too often to ignore.

The only way to convert those folks is to develop some fans on your sales team. If you can prove their highest-performing sellers' value leads and convert them, you may be able to change their tune.

If that fails, you may be able to win over the CEO to pressure sales leadership, but keep in mind that approach burns equity fast.

Lack of Trust

This is a variation of mismanagement that includes a suspicion that marketing is trying to get "credit" for more than they're due. This could manifest as accusations that marketing is passing through anyone as a lead, padding their numbers, or not reporting what really is happening.

We're dealing with humans who carry baggage from one job to the next. Chances are high that they came into the organization as a marketing skeptic, and that was exacerbated by poor system setup or lack of gating marketing qualified leads. Even if it isn't malicious, passing through all leads is often perceived as a way for marketing to look better when they meet a volume-based goal.

Missing a volume-based goal and exceeding your pipeline and bookings goals always results in better career trajectories than nailing the volume-based goal at the expense of everything else.

Now What?

06

You can always improve! Use the recommendations given in the section above to accelerate your pipeline growth even more.

> *Word of advice: Measure your conversion rates, opportunity volume, pipeline, and bookings before you kick this massive project off, then measure them again as you make changes and three, six, and nine months beyond. You will have some amazing results to tout to the rest of the executive team and some fantastic line items to add to your resume.*

What If My Operations Person Needs Help?

Organizations that don't leverage a revenue operations or united operations team can be hard to navigate as an individual contributors. Chances are good that your marketing operations team doesn't have access to some of the systems they need to comb through to determine the cause of conversion problems.

In this case, you must propose and defend a cross-functional project. Volunteer to act as the executive stakeholder. Use the arguments using conversion rate and pipeline dollar improvements in this document as a template to bolster your initiative getting buy-in from the rest of the team.

Barring cross-functional involvement, explore purchasing an analytics tool to bypass political roadblocks. CaliberMind connects to your core systems and presents data in real time. Also, check out the resources for how-to tactical guides for your operations team.

We wish you the best of luck and are available to answer questions should you have them.

Resources

Align Marketing & Sales Through Demand Gen Funnels

If you'd like your operations team to run with a funnel project, send them the ebook on aligning sales and marketing through funnels,
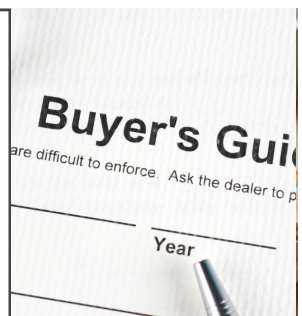
How-To Set Up Your Demand Generation Funnel

For more information on how to set up your demand generation funnel, check out the guide.

The B2B Funnel Buyer's Guide

If you'd like help evaluating funnel tools, download the buyer's guide.

The Revenue Marketing Report Podcast

To hear how other marketing experts navigate challenges, check out The Revenue Marketing Report podcast.